2007
BUDGET

General Operating Budget Summary

- As Approved by City Council -

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Office of the City Manager
April 17, 2007

To: His Worship the Mayor,
and Members of City Council

Re: 2007 General Operating Budget and Other Funds Budget

Pursuant to Sections 128 of *The Cities Act*, City Council is required to adopt an operating and capital budget. The budgets summarized in this document are the 2007 General Operating Budget and the 2007 Costing Fund Budget as approved by City Council at its meeting on April 17, 2007. The General Operating Budget for 2007 includes a municipal mill rate of 3.91%. The 2007 General Operating Budget totals $221 million, an increase of $9.3 million or 4.4% over 2006.

The 2007 General Operating Budget reflects increasing recognition of the financial constraints of municipalities by the Provincial and Federal Governments. The Provincial Government increased the Revenue Sharing operating grant, and the Federal Government has indicated an ongoing commitment through the Gas Tax Grant through to 2013 as well as funding for Transit. It is essential that sufficient and sustained funding be made available to municipalities.

The budget also reflects the efforts of the Administration to identify priorities in line with City Council's vision and direct resources to those priorities. The budget includes $2.4 million to be redirected to the priorities of Customer Service, Contemporary Employer and Asset Management.

The budget process requires choices by City Council with respect to service levels and the taxes, fees and charges to pay for those services. The diversity of interests in the community exacerbates the difficulty of finding that balance. There is no formula or model to guide such decisions as stated in the following quote from a Federation of Canadian Municipalities document:

> Municipal financing and the allocation of resources in a community are the products of the decisions of elected officials working in a democratic process where judgements are made about priorities. No magic formula can substitute for either democratic process or political judgement.

The 2007 budget for the civic portion of the general operating budget, including capital funding, is $171.3 million, an increase of almost $7.6 million or 4.7% over the 2006 budget. The increase reflects increased services including:

- Enhancements to winter road maintenance totaling $1.6 million.
- Increased resources for Regina Police Service totaling $1.6 million, including funding for 14 additional officers.
- Increased capital funding of $2.7 million.

The increase also includes additional costs for wages and benefits totaling $3.5 million, based on agreements recently reached with two of the City's bargaining units.

The 2007 budget for the Board of Police Commissioners is $49,503,400, an increase of about $1.6 million or 3.4% over the 2006 budget. The increase in expenditures is partially offset by

increased revenues of $769,600. The capital contribution required for the Board of Police Commissioners for 2007 is $951,000, a decrease of $533,000 over the amount provided in 2006.

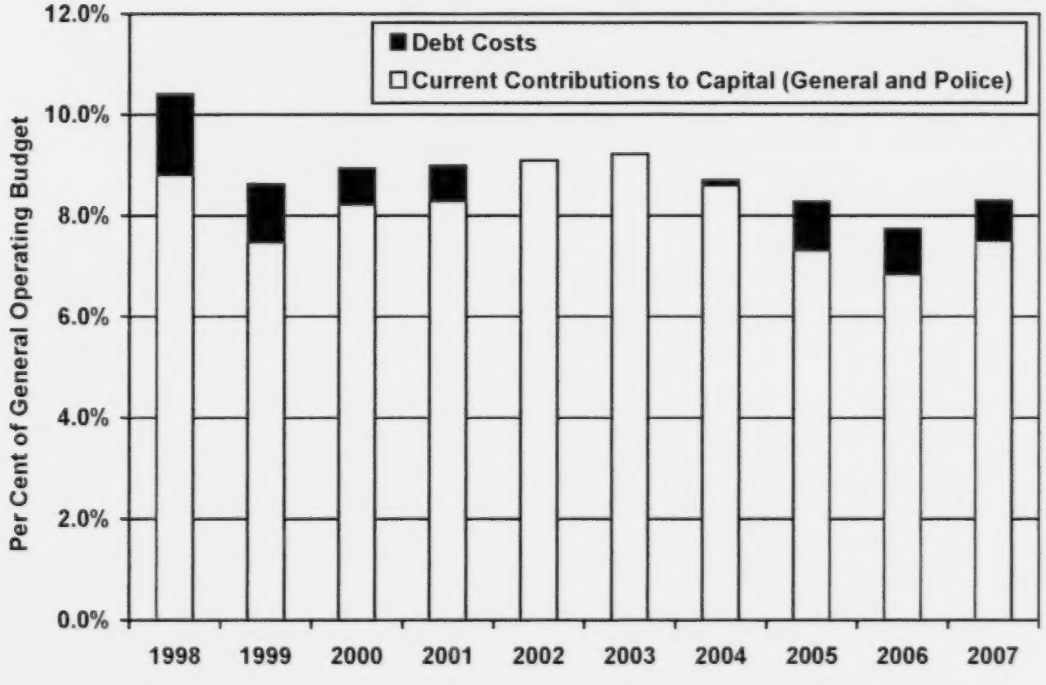
There is an increase of $2.7 million in the 2007 budget for the Provincial Revenue Sharing Grant. The Province has announced an increase in the revenue sharing grant pool for Saskatchewan municipalities in 2007 of $30 million. The resulting increase for Regina is $4.5 million, but after taking into consideration the one-time funding of $1.7 million received in 2006, the net change is $2,746,761 million.

The General Operating Budget decisions in 2007 have relatively minimal implications for the level of reserves. There is $90,000 from the General Fund Reserve proposed for the 2007 operating budget for special one-time community initiatives. However, there are fairly significant withdrawals for the capital program for industrial land development for 2007 and future years.

In 2006, the expenditures for winter road maintenance were just over $2.7 million compared to the budget of $3 million, resulting in a transfer of $288,000 to the Winter Road Maintenance Reserve. At the end of 2006, the reserve was about $1.7 million. The 2007 budget provides an additional $1.6 million in funding for enhanced services.

There is an overall increase in capital funding of $2.1 million, representing an increase of $2.7 million in the civic portion and a decrease of $553,000 in the Police portion. The portion of the General Operating Budget directed towards funding of capital (current contributions to capital and debt costs) showed a decline in recent years, but that trend has been reversed for 2007. In 1998, capital funding was about 10.4% of the total operating budget. For 2007, capital funding is about 8.4% of the total operating budget. It is important that the City be able to maintain an upward trend

Capital Funding From Current Operations – 1998 to 2007
(Per Cent of General Operating Budget)



While there is virtually universal recognition of the need to increase capital spending, the challenge continues to be finding sources of funding that are predictable and sustainable.

The 2007 – 2011 General Capital Program reflects a projection of $3.3 million in annual infrastructure grants from Federal and Provincial programs. The 2007/08 Provincial Budget announced $53.2 million in infrastructure grants to be linked to the Federal Government's new 'Building Canada Fund'. It is anticipated that it will take until later in 2007 for the Province to negotiate agreements with the Federal Government that will establish the criteria and allocation methods. As a result, a specific allocation for the City of Regina is not available. A relatively conservative estimate of $3.3 million per year has been included for this funding for each of the next five years. It is important that current efforts by the Province to establish ongoing municipal infrastructure programs develop into sustainable funding.

The Federal Public Transit Trust will provide $10.4 million to Regina in 2007. The funding is intended to cover a three year period and has been allocated over three years in developing the capital budget because of the lead time to order and integrate new bus purchases into the Transit Fleet Management process. The full amount will be received in 2007.

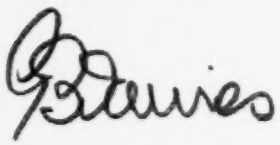
The Canada/Saskatchewan Agreement on Federal Gas Tax Revenue represents a positive development in addressing concerns that have been raised previously. The recent Federal Budget extended the program until 2013, the type of time frame which is essential for effective infrastructure planning. It is important that this continue in the future, with projections updated on a regular basis.

The 2007 – 2011 General Capital Program is based on an increase in the City's current contributions to capital of $1.5 million per year starting in 2008. In order to balance the budget, current contributions to capital from the General Operating Budget decreased in 2004 and 2005 and were not increased in 2006. The budget gaps experienced in the past few years will exist again in 2008. It is critical that City Council include the increased capital funding in the 2008 and future budgets if progress is going to be made in addressing the existing and growing infrastructure requirements of the City.

Many of the City's revenues and expenditures are subject to change due to external influences. Many factors impact revenues and/or expenditures including the weather, the cost of fuel, interest rates, gas rates and electrical rates. There could be positive or negative variances in 2007 due to these factors.

The 2007 General Operating Budget includes a 3.91% increase in the municipal mill rate, while increasing services provided by the City. The additional funding provided by the Provincial and Federal Governments and the efforts of the Administration to reallocate existing resources toward priorities provide for a mill rate increase that is relatively low compared to the trend in western Canada.

Respectfully submitted,



Glen B. Davies
City Manager

Introduction

Budget Overview

The 2007 General Operating Budget reflects the unprecedented opportunities and challenges faced by the City of Regina and the community it serves. The budget includes funding for improved services, including:

- An additional $1.6 million to provide enhancements to Winter Road Maintenance in order to bring maintenance standards in line with most other prairie cities.
- $322,000 to fund the additional net costs of the Regina Police Service, including 14 more Police Officers.
- $100,000 for implementation of the first phase of the City's Customer Service Strategy, an initiative designed to improve the City's ability to provide consistently high quality customer service to Regina's citizens.
- $52,000 for extended transit services to the Food Bank, as approved by City Council in 2006.

It includes funding for a wage and benefit package for City employees and addresses recruitment, retention, diversity and training of the work force, which is particularly critical in light of demographic and work force trends in western Canada. It also provides an additional $2.7 million for capital as well as additional amounts for managing infrastructure on a best practices basis.

The budget includes ongoing funding for Community Investments at the same levels as previous years. In addition, the budget includes funding for a number of community initiatives including:

- $87,000 for the first year of a two year commitment for Shaping Regina.
- $260,000 for the Branding Regina initiative.
- $85,000 for an increase in funding for Tourism Regina.

It also includes $70,000 for hosting of the Canadian Country Music Awards to be held in Regina in September 2007, as previously approved by City Council.

The budget includes the recently announced increase in Provincial Revenue Sharing, an increase of $2.7 million to $15.7 million from the $12.9 million received in 2006. However, in order to fund the existing levels of service, the increased capital requirements, and the increased services described above, a mill rate increase of 3.91% is required. This represents a relatively large increase compared to recent trends in Regina. However, this increase is well within the range of recent increases implemented in many western Canadian Cities as shown below, and reflects the financial pressures that municipal governments face in light of their limited funding sources:

	2003	2004	2005	2006	2007	Totals
Calgary	3.90%	5.00%	3.50%	4.40%	4.00%	20.80%
Edmonton	4.90%	5.30%	5.40%	6.25%	6.50%	28.35%
Red Deer	6.20%	12.00%	0.00%	1.60%	13.50%	33.30%
Saskatoon	2.70%	3.78%	3.40%	1.86%	4.76%	16.50%
Regina	1.10%	0.00%	4.00%	0.00%	3.90%	9.00%

A mill rate increase of 3.91% represents approximately $48.94 in additional municipal taxes for a residential home or condominium with the average taxable assessment in Regina – about $4.00 per month.

For residential properties and condominiums, the effective municipal tax increase is 4.75% because of the policy that City Council adopted in 2004 to adjust the mill rate factors for residential properties upward and multi-family properties downward in order to bring all residential taxes to a single rate over a five year period from 2006 to 2010. Single family residential and condominium properties will see an increase of about .8% while multi-family properties will see a decrease of about 6% in 2007, offset by the mill rate increase approved by Council.

The Provincial budget also provided an increase in the Education Tax Credit from 8% to 10% for 2007 and 2008, providing some tax relief on the education portion of property taxes.

Despite the welcome increase in Provincial Revenue Sharing, the City faced many challenges in developing the 2007 Budget – some long standing and some new.

2007 Budget Process

The budget process involves difficult choices. A key aspect of the budget process is that City Council is making choices on behalf of the community. With the limited resources available, it is important that each year's budget process involve the establishment of priorities. Many Canadian cities are developing multi-year strategic plans to help guide the resource allocation process, and such a process will be implemented for 2008. However, for 2007, strategic themes developed as a result of the Core Services Review were used to establish priorities.

Strategic Planning and Organizational Transition

In 2004, City Council undertook the Core Services Review, an independent review of operations of the City and the Regina Police Services, facilitated by TkMC Management Consultants. The report, which was provided to City Council on January 24, 2005, included several recommendations, one of which was the development of a Regina Strategic Plan. Specifically,

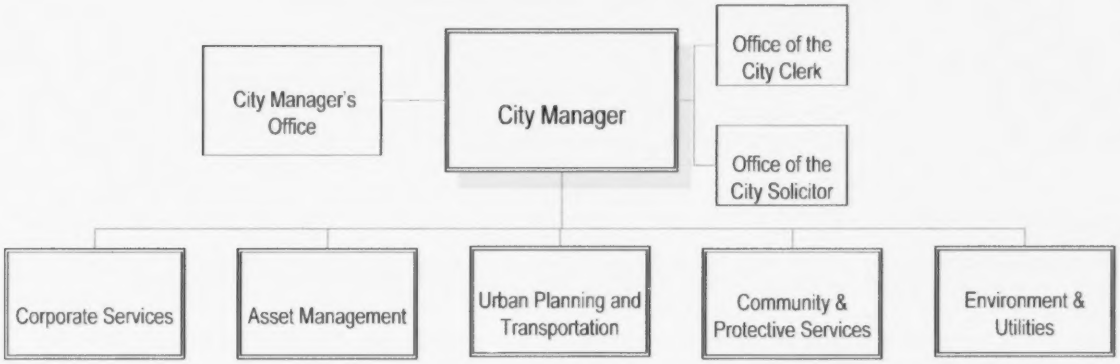
> *"Council, the Board of Police Commissioners and the respective Senior Management groups must create a shared commitment to the change process. Council's role is to define the strategic plan for the City and develop the policy framework for the evaluation and decision making related to strategic direction. The development of the plan and policy is supported and implemented by the Senior Management. Fundamental to this process and new municipal organization is the creation of an environment that results in a new Council/Management relationship that results in long term change that is driven by the vision, mission, organizational values, specific strategic initiatives and strategic decision making."*

In early 2007, City Council began work on updating the City's vision, work that is expected to be completed in the next few weeks. There is a need to develop a corporate strategic plan and performance management process in line with City Council's strategic direction.

The City has recently experienced a significant change in senior management staff as well as a high level of turnover due to demographics and changes to the Civic Pension Plan that took effect January 1, 2007. The following chart shows the proposed organizational structure. Recruitment efforts are underway for senior

positions, and there is a Functional Alignment process in place that will assist in finalizing the specific functions to be included in each of the portfolios outlined below.

Proposed Organizational Structure



The 2007 budget includes one-time funding for consulting to support the development of a corporate strategic planning process and the organizational transition, as well as ongoing funding for staff to address strategic planning, government relations, and quality and innovation initiatives.

For consistency purposes, and because the new organizational structure is not yet completely finalized, the 2007 Budget has been presented using the existing departmental breakdowns. Once the reorganization is finalized, the 2007 budget will be restated on that basis to facilitate comparison for 2008 and subsequent years.

2007 Priorities

During 2005 and 2006, the Administration reviewed over 1,200 ideas listed in the Core Services Review and is integrating improvements into daily operations and existing projects and improvement initiatives.

In February of 2006, City Council and the Senior Management Team identified six themes that drove the organization's strategic choices for 2006. The six themes reflect the choices, opportunities and strategic issues outlined in the Core Services Review. The six themes are:

- Customer Service – The City of Regina is committed to the delivery of municipal services that meet the needs and expectations of its customers.
- Contemporary Employer – The City of Regina recognizes that its people are its most key and valuable resource. Human Resources strategies work to achieve outcomes that best serve the organization and the community.
- Asset Management – The City of Regina strategically and effectively manages assets within program areas to provide for economic, social and environmental sustainability.
- Mandate – The City of Regina strategically determines which services the City provides, the level of service, service goals and objectives for its programs.
- Service Delivery Methodologies – The City of Regina makes service delivery decisions that ensure the most effective and efficient service exists.

- Revenue Generation – The City of Regina is committed to Corporate Revenue Strategy development and makes revenue generation decisions based on clear guiding principles.

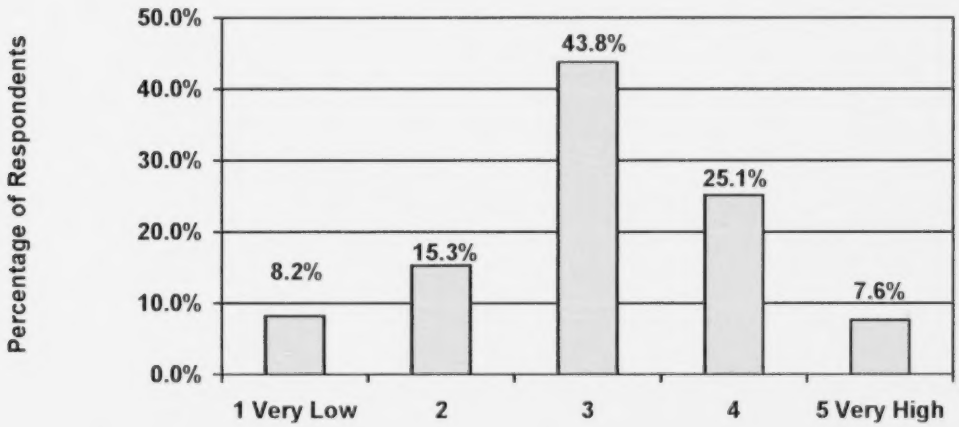
With a limited time frame and a transition in the senior management team, it was necessary to narrow the focus for the 2007 budget process. The first three themes were identified as the key priorities for 2007 and were confirmed with City Council in November of 2006.

Customer Service

Each year, the City of Regina conducts a public survey to gather input from the community. The survey results serve as a measure of the community's expectations.

The 2006 survey indicated that Regina residents are mixed about whether they are getting good value for their tax dollar, with 33% of respondents on the positive side and 24% on the negative side. The mean response level is down to 3.09 in 2006 from 3.24 in 2005.

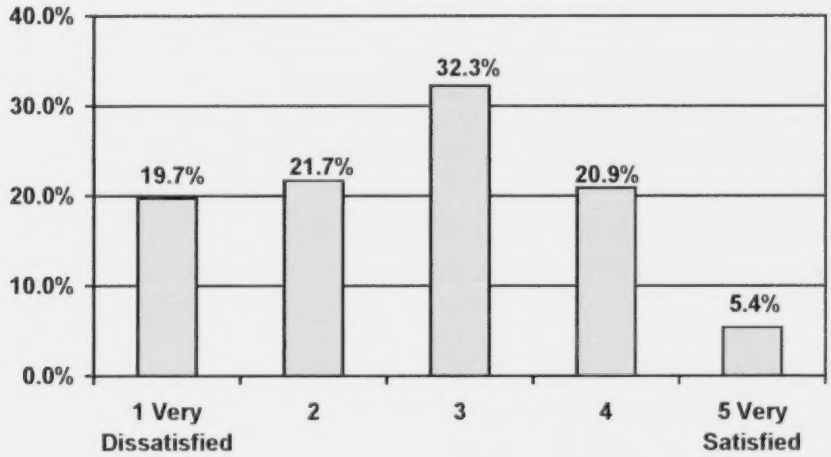
Would you say the value of service you receive for your City tax dollar is high or low?



About 33% of respondents are on the positive side of the scale compared to 25% on the negative side of the scale, and a majority in the middle, indicating a mixed response. These results coincide with impressions of City Council members, who indicated that through their contact with citizens during the election campaign in the fall of 2006, there was a recurring theme of a need for improvements in the level and consistency of customer service.

In 2006, the City conducted its first employee survey, which indicated that over 90% of employees believed that Customer Service was the responsibility of every employee, but which also revealed that employees do not feel they always have the resources, systems or policies in place to provide customer service on a consistent, high quality basis. Together, this information provides an indication of a need for greater emphasis on customer service.

Regina's climate means that winter road maintenance is a municipal service that citizens depend on. As in prior years, the 2006 Omnibus Survey indicated that citizens are satisfied with most city services, but are dissatisfied with streets and roads and snow removal.



In 2006, a Winter Maintenance Review was carried out, resulting in recommendation to increase the level of funding to approach the service level provided by most prairie cities.

The 2007 budget includes the following items to address customer service:

- An additional $1,576,800 for Winter Road Maintenance, bringing the total budget from $3 million to $4.6 million. As in the past, any under or over expenditure in a given year would be managed within the Winter Road Maintenance Reserve.
- $100,000 for phase one of the Customer Service Strategy.
- $200,000 for the Recreation Facility Strategy to 2020 to ensure that future operations and upgrades to recreation facilities are carried out in light of evolving program needs of the City's customers.
- $52,000 for extended transit services for Food Bank customers, as approved by City Council in 2006.
- $27,100 for solid waste expansion and $67,200 for additional open space and irrigation requirements due to growth of the city.
- $30,000 for additional costs for the contracted services provided by Atoskata for Bylaw Enforcement.

Contemporary Employer

> *"There is clear and mounting evidence that employee engagement is strongly correlated to a number of individual, group, and corporate performance outcomes including recruiting, retention, turnover, individual productivity, customer service, customer loyalty, growth in operating margins, increased profit margins, and even revenue growth rates."* [2]
> – The Conference Board of Canada – Employee Engagement – A Review of Current Research and Its Implications – John Gibbons 2006.

City services are delivered largely by City employees. Over 50% of the City's total costs relate to labour. It is vital that the City employ effective best practice techniques to recruit and retain employees, and to lead, direct, and motivate its workforce. **Toward that end, the 2007 budget includes funding for**:

- $40,000 for initial implementation of a Workforce Diversity Strategy
- $99,100 for increased training and development resources
- $250,000 for transition costs related to the implementation of the new organization structure
- $50,000 for the annual Employee Survey, as a follow up to the first one done in 2006
- $25,000 for the return to work and safety programs
- $10,800 for trustee education for administration of the pension plans
- A wage and benefit package for employees based on the recently negotiated settlements with several of the City bargaining units

Asset Management

> *"...53% of all infrastructure is now vested with municipal governments Moreover, as most of it was created between the 1950's and the 1970's, it is now aging and in urgent need of repair. However, offloading by provincial and federal governments in the 1990's undermined the capacity of municipal governments to deal with infrastructure issues just at the time when infrastructure renewal became critical. The result has been a ballooning municipal infrastructure deficit that is undermining our competitiveness and long-term economic prospects."* – Federation of Canadian Municipalities - Pre-Budget Submission to The Honourable James Flaherty, Minister of Finance, February 13, 2007.

While other orders of governments must invest in infrastructure, it is recognized that each local municipality is responsible for managing the infrastructure within its borders in the most effective manner.

The City faces challenges in maintaining the wide assortment of infrastructure used to deliver City services. In Regina, there are over $1 billion worth of public and city operational buildings, streets, roads and sidewalks, traffic signals and signs, vehicles and equipment, parks and open space, trees and athletic fields. Within the current funding model, the City cannot afford to maintain and replace all of these assets. Even if it could, it is important to ensure that infrastructure spending address future requirements. When additional federal and provincial infrastructure is provided, it is critical that those funds be used in a manner that provides value for years to come. The City's strategy for ensuring this occurs includes:

- Implementing effective asset management techniques such as life cycle costing and preventative maintenance programs.
- Exploring community partnerships – with both public and private organizations – to provide the infrastructure to support the services Regina's citizens require.
- Promoting rationalization of facilities and infrastructure, which could include multi-use or consolidated facilities.

The 2007 budget includes resources directed towards this strategy, including:

- $200,000 for one-time funding for the Recreation Facility Strategy to 2020. While this study is primarily directed at understanding customer needs for recreation programs and facilities, it will also assist to identify opportunities to provide recreation facilities in the most cost effective

manner, i.e. replace two facilities that are past their useful lives with one that provides a much higher level of service (also noted under Customer Service)

- $100,400 one-time funding for further implementation of the asset management system
- $80,000 one-time funding for the Bridge Management Program
- $41,200 in ongoing funding for staffing for infrastructure planning and policies and procedures related to infrastructure management in Engineering and Works.
- $33,000 for improvements to the fleet preventative maintenance program

2007 Budget Process

The approach for developing the 2007 Budget focused on identifying strategic priorities and allocating resources to those priorities to avoid having budget limitations drive the strategy. Departments identified requirements for ongoing and one-time initiatives and evaluated them according to the identified priorities.

Departments also identified opportunities where existing resources could be reallocated toward the identified priorities. Specific opportunities totaled $1.2 million and represent a lengthy list of relatively small amounts relating to:

- Efficiencies realized from front street garbage collection.
- Savings in electrical costs with the downtown luminaire program.
- A reduction of existing data collection efforts in anticipation of the planning strategic planning and performance management project.
- Rationalization of horticultural supplies and water usage in parks.
- Reduction in software and hardware maintenance costs.
- Savings in reduced utility consumption for water, electricity and natural gas.

In addition, departments will be required to manage an additional $1.2 million in reductions over the course of 2007 in order to achieve the budget targets.

Departments have been directed to manage this reduction through further efficiencies. The reductions are not intended to result in reduced services as approved by City Council. In the event that service levels were contemplated for reduction during 2007, City Council approval would be sought and the appropriate public input processes would be carried out.

The budget gap is the difference between the projected revenues for the year and the projected expenditures. After an initial review of the budget submissions from Departments, and incorporating the budget request from the Board of Police Commissioners, **the initial budget gap for 2007 was about $10 million**. If there were no change in projected revenues or expenditures, a mill rate increase of at least 10% would have been required.

Expenditure Challenges

Each year, City Council must consider the level of expenditures to fund programs and services, including the capital requirements related to those programs and services. Expenditure challenges include:

- **Increases in salary and benefit costs.** The collective agreements for all civic unions (CUPE Local 7, CUPE Local 21, Amalgamated Transit Union Local 588, Civic Middle Management, and the International Association of Fire Fighters Local 181) expired at the end of 2006. The City recently concluded negotiations with CUPE Local 21 and the Amalgamated Transit Union Local 588. Those settlements reflect the higher labour costs seen in other public sector organizations as well as across the labour market in general. The City is facing the same impacts as other employers from the shortage of labour resulting from demographic trends and the economic growth in western Canada. The 2007 proposed general operating budget includes costs of $3.5 million for estimated salary increases.

- **Growth in the community**. While it is generally perceived that any increase in expense resulting from the physical growth of the city would be covered by additional tax revenues, that is not the case. There are required increases in the budgeted operating expenditures for areas such as waste collection and additional open space. But the most significant impact on the budget from growth is in the area of capital requirements for road network improvements.

- **Increases in the price of fuel (30%), asphalt, (15%) electricity (6%) and construction and engineering services (15% or more in specialized areas)** have exceeded the general inflation rate. While the general inflation rate is running at 2%, this is an average of price increases in the service sector exceeding 10%, offset by a decrease in consumer goods prices. The City's inputs are heavily weighted in service and resource based goods.

- There are also cost pressures as a result of **changing community interests, regulatory requirements, standards and expectations.**

- **Many local arts, cultural, sporting, community and charitable organizations are faced with fiscal pressures.** There has been an increase in the number of organizations seeking support through tax exemptions or capital or operating grants.

- **There continues to be a significant "infrastructure gap".** For 2007, a total of approximately $16.7 million in capital funding is expected from the Federal Government gas tax and transit programs, and the existing Federal/Provincial Municipal Rural Infrastructure Program. While the 2007/08 Provincial Budget included $53 million for infrastructure projects in Saskatchewan, these programs represent the Province's contribution to Federal/Provincial programs, and require the negotiation of agreements with the Federal governments before eligibility and allocations can be determined. It is unlikely this information will be available before the fall of 2007. While these contributions represent significant progress in addressing funding for infrastructure, the City of Regina has a shortfall in capital funding in the range of $40 to $50 million each year. **The infrastructure gap will increase as infrastructure and buildings continue to deteriorate with age and the overall infrastructure base increases as the city grows.** If infrastructure is not adequately maintained, there will be long-term implications on the City's ability to sustain service levels. In addition, maintenance or capital costs will increase.

- **Citizens do not want service cuts. Overall the community supports the level of City services (63.4% in 2005) and has a high rating for the services provided. Regardless of these ratings, there are two realities the City faces:**

  - On those occasions when the City considers the elimination or a reduction in an existing service level, there is typically a segment of the community opposed to the change.

- Some in the community are of the view that expenditures can be reduced. However, most individuals or groups are not willing to reduce expenditures on the services they use. All those in the community do not use every service provided by the City, but all services are used by a segment of the community.

- **The need to support organizational transition.** The City has recently experienced a significant change in senior management staff as well as a high level of turnover due to demographics and changes to the Civic Pension Plan that took effect January 1, 2007. There is a need to develop a corporate strategic plan and performance management process to ensure the organization's activities are in line with City Council's strategic direction. The 2007 budget includes one-time funding for consulting to support these initiatives, as well as ongoing funding for staff to address Strategic Planning, Government Relations, and Quality and Innovation initiatives.

- The City has **significant unfunded liabilities for vested sick leave, accumulated vacation credits, service pay and banked overtime**. At the end of 2006, the liabilities for these costs were estimated at $24 million ($28 million at the end of 2005). As a growing proportion of the City's workforce reaches retirement age, the cash flows required to pay off this liability will grow. **Payments for these items for 2006 totalled about $4.2 million compared to $1 million that had historically been experienced. While 2006 likely represented a peak, demographic trends indicate there will be a significant cash flow impact over the next few years. Departments have been required to absorb these costs in their existing budgets in previous years.**

- The City has **significant unfunded liabilities for pension and benefit plans**. At the end of 2005, the City's share of the liability for the Police Pension Plan and Chief of Police Pension Plan was about $5.8 million (2006 information is not yet available). The City is not required pursuant to accounting standards to account for a liability with respect to multiple employer pension and benefit plans such as the Civic Pension Plan and the Long Term Disability Plan. 2006 information regarding the estimated liability is not yet available for these plans. The liability is shared between the employers and employees. The employers in the plans include the City of Regina, Regina Qu'Appelle Health Region, Regina Public Library, Buffalo Pound Water Administration Board and Regina School Division No. 4 of Saskatchewan (non-teaching staff).

  The employers 'contribution rate dropped by .5% effective January 1, 2007, but remains relatively high and contributes pressures both in terms of contribution costs and in the recruitment and retention of employees.

Revenue Challenges

Property tax revenue accounts for about 55% of total operating revenues. In Regina, there is greater reliance on property tax as the major source of revenue as compared to other western cities including Saskatoon.

While property taxes account for the majority of the City's revenue, there is limited tax growth as a result of assessment growth. Assessment growth is typically in the range of one per cent per year. 2006 was the second highest year on record for year for building permits after 2005, and the resulting increase in revenues is approximately 1.1% over 2006 tax revenues.

There is limited property tax growth unless City Council increases tax rates.

Overall, Regina, like other cities, struggles with a revenue base that is limited both in terms of its diversity and growth potential. Specifically:

- External revenues such as gas and electrical revenues account for about 15.7% of total revenues. The City has no control over these revenues as the Province also sets gas and electrical rates. These rates are the major determinant in the level of gas and electrical revenues received by the City. While recent rate increases have added to City revenues, the markets are extremely volatile, and rate increases increase the costs for residents and businesses in Regina.

- The remaining revenues (licenses, levies, fines, fees and charges, interest, tax penalties, and internal transfers) account for about 22.9% of total revenues. While the City has increased fees and charges in recent years, there are increasing concerns about the level of fees, and fee increases have not necessarily resulted in overall higher revenues.

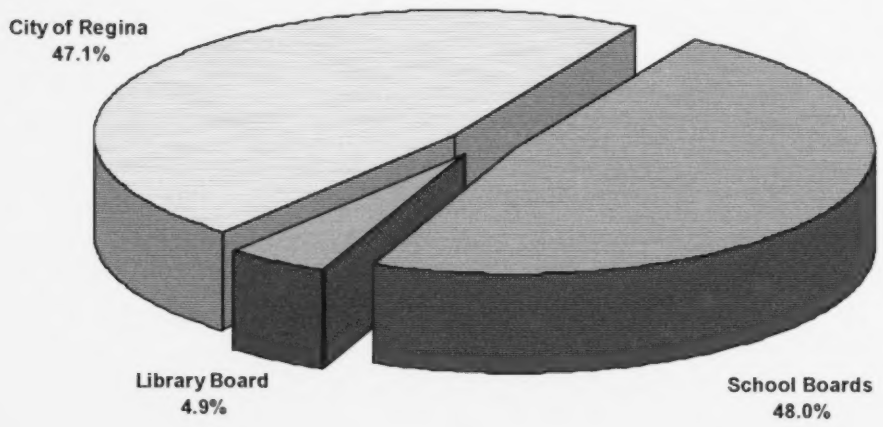
- Operating grants from the Provincial and Federal Governments account for 6.9% of 2007 revenues. Efforts of organization such as the Federation of Canadian Municipalities, the Conference Board of Canada and the Canada West Foundation have helped to inform and advance recognition of the need for strategic investment in cities so they can fulfil their potential as engines of sustainable national growth. Federal capital programs such as the gas tax funding and the new Public Transit Trust funding are providing much needed assistance to the City in addressing infrastructure requirements. However, these funds represent about 8% of the City's capital requirements on an annualized basis, and they are intended to augment the City's investments, not replace them. Consequently the funds do not directly reduce the City's requirements for operational funding.

Despite the significant increase in unconditional operating funding received from the Provincial government in the form of Revenue Sharing for 2007, it has still not recovered to pre-1990 levels. In 1986, Regina received $16.2 million compared to the $15.7 level for 2007.

However, it is apparent that both the Provincial and Federal governments recognize the need to address municipal requirements. During 2006, both levels of governments focused considerable effort in dialogue and policy development toward that end. It is critical that those efforts develop into long term, stable funding mechanisms.

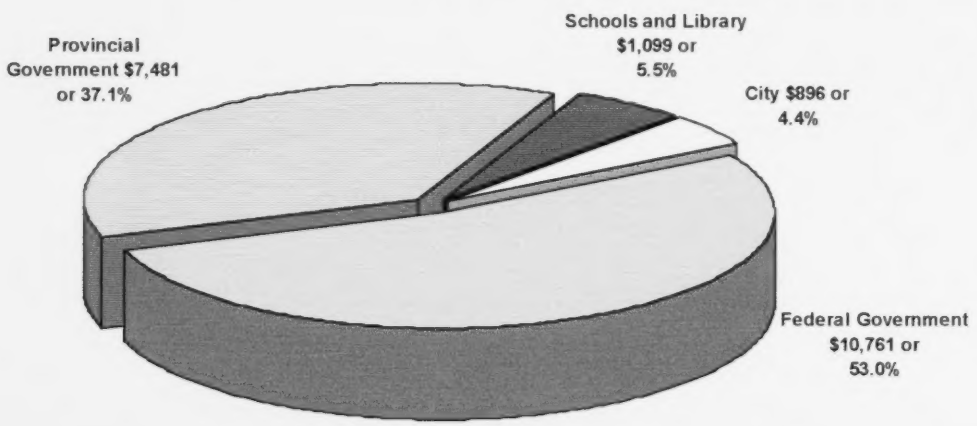
Historically, one challenge for the City is the lack of understanding regarding the portion of the property tax bill levied by the City of Regina. In the 2005 public survey, only about 10% of those responding recognized that half of the property tax revenue went to the school boards, another 45% did not know and 45% provided a wrong answer. In the 2007 survey there is still a significant portion of the respondents who did not know that there are other taxing authorities such as the school boards and the library. The next graph shows the distribution of property taxes in Regina for 2006

Distribution of Property Taxes – 2006



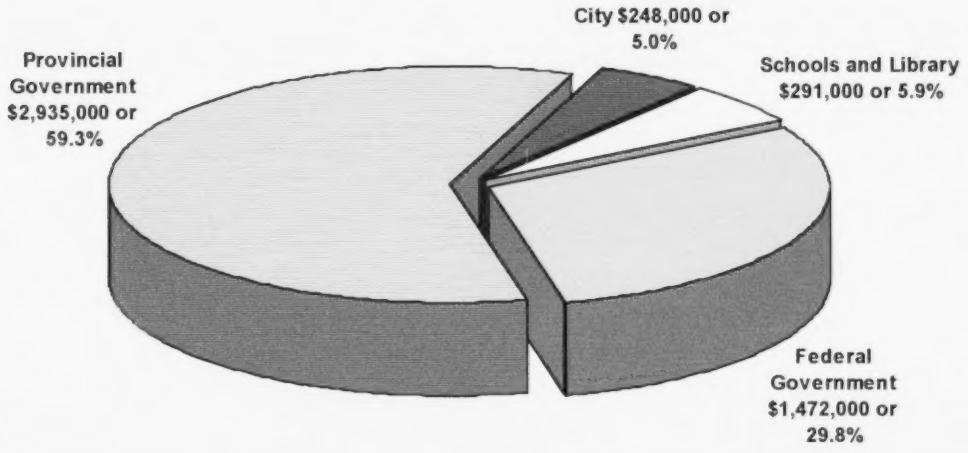
There is also a general lack of understanding about the distribution of taxes collected by the various levels of government. Governments rely on taxes as their major source of revenue. The next two graphs provide background information on the distribution of taxes between the various levels of government. The following graph is from a report prepared for the City of Regina by SaskTrends Monitor. The distribution of taxes is for Regina residents (for a household), and does not reflect the taxes paid or generated by commercial activity.

Distribution of Taxes Paid by Regina Residents
(Taxes per household of $20,147 – 2000 Data)



The next graph is from another report prepared by SaskTrends Monitor for the City of Regina. The report estimated the ongoing taxes generated by a major retail development.

Distribution of Ongoing Taxes - Sample New Retail Development
(Total Taxes of $4,946,000)


City $248,000 or 5.0%
Schools and Library $291,000 or 5.9%
Provincial Government $2,935,000 or 59.3%
Federal Government $1,472,000 or 29.8%

The recent increases in funding provided by the Federal and Provincial Governments are positive steps toward recognition of the imbalance in the distribution of total taxes paid within the community. It is important that this trend continue.

Another challenge for the City is with respect to perceptions about the level of property taxes in Regina as compared to other cities, as well as the relative share of education funding on the property tax base. Each year the City of Edmonton conducts a property tax survey. The survey compares the property taxes on a sample property, and also collects information on the total property and business taxes collected. Points to note with respect to the per capita tax information are:

- **For the total tax levy per capita, Regina is 15th out of 24 cities.** For this calculation, the total tax levy includes both property and business tax. Several of the cities (St. John's, Edmonton, Calgary and Winnipeg) levy a business tax.

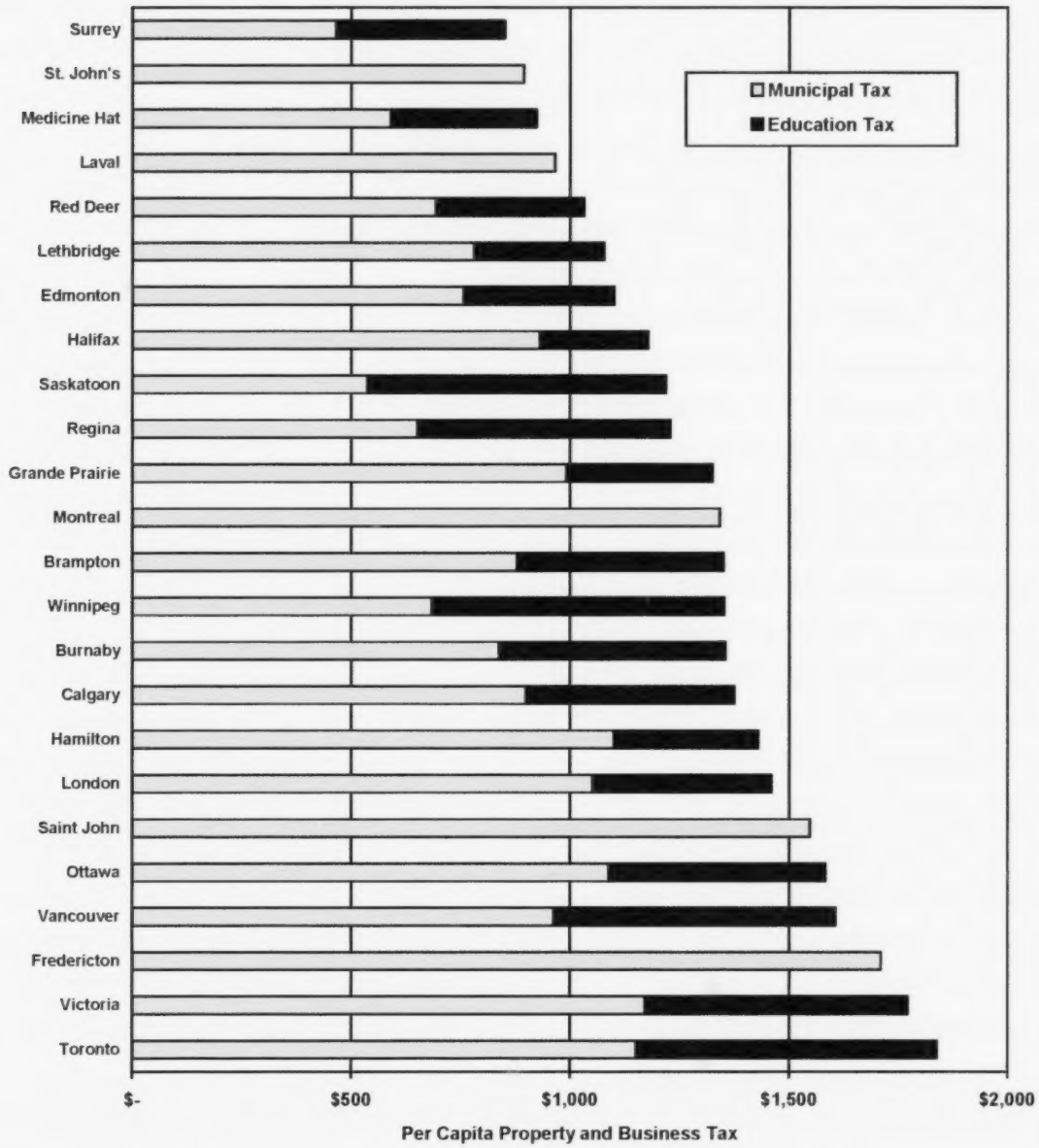
- **For municipal and other property taxes (excluding school taxes) per capita, Regina ranked 9th out of 24 cities.**

- For education property taxes per capita, Regina ranked 22nd out of 24 cities.

Regina's per capita taxes are lower than the average of the 24 cities for all per capita tax measurers other than education taxes per capita.

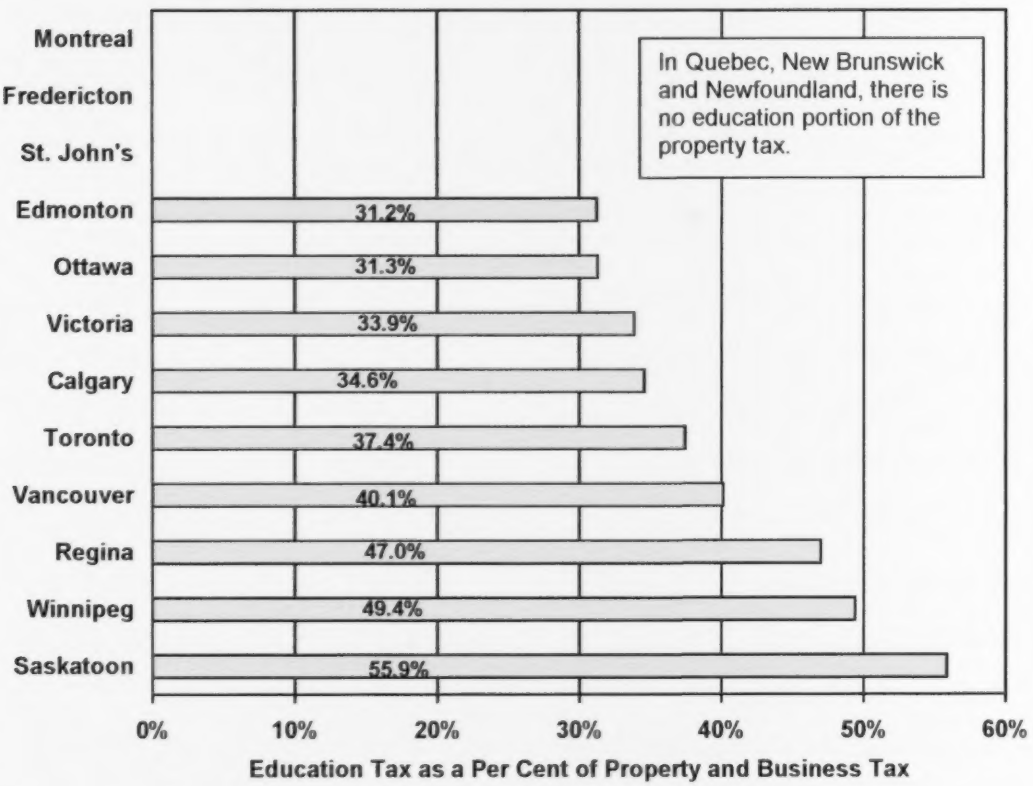
The next graph provides information on the per capita property and business taxes (municipal and education) for the cities that participated in the 2006 City of Edmonton Tax Survey.

Per Capita Property and Business Tax
(Data from 2006 City of Edmonton Tax Survey)



In Saskatchewan, the education share of property taxes is higher than other provinces, creating added pressure on property tax levels. The portion of local taxes (property tax and for some cities a business tax) used to fund education costs varies significantly from city to city. The following graph compares the percentage of the total property and business tax dedicated to education in various cities. The information is taken from the 2006 City of Edmonton Tax Survey.

Education Share of Property and Business Taxes – 2006



The Province implemented an Education Property Tax Credit for 2005 and 2006; and announced an extension of the program for two years in the 2007 budget. The tax credit reduced the education taxes by 8%, subject to a limit of $2,500 on commercial/industrial and multiple family residential properties. The credit is increased to 10% for 2007 and 2008. The credit program represents a favorable development as it provides recognition of the issue as a provincial issue.

As a result of the extension and the increase in the Education Property Tax Credit program, Regina tax payers will see further 2% credit on their education property tax bill.

Budget Options

Faced with a gap in revenues and expenditures, there are limited long-term options for City Council. These include:

- **Increase the revenue generated.** The increase can be for existing revenue sources, external contributions from senior governments or other sources, or through the authority for new alternative sources of revenue.

- **Decrease expenditures** through one or more of the following approaches:

  - Eliminate a service or reduce the level of service provided.

- Reduce the cost of providing the service, either through reducing the costs of wages, goods and services to deliver the service, or through considering alternative service delivery, including contracting with external parties to provide the service.

Over the past number of years, the City of Regina, along with the other cities in the Province, has requested authority for alternative revenue sources. Potential new revenue sources are a local fuel tax, a local vehicle surcharge, a share of gaming revenues, a hotel tax and a local sales tax. Cities in other provinces are also pursuing the issue of new revenue sources. Implementation of such authority would require legislative change, which will not occur in time for implementation in the 2007 budget.

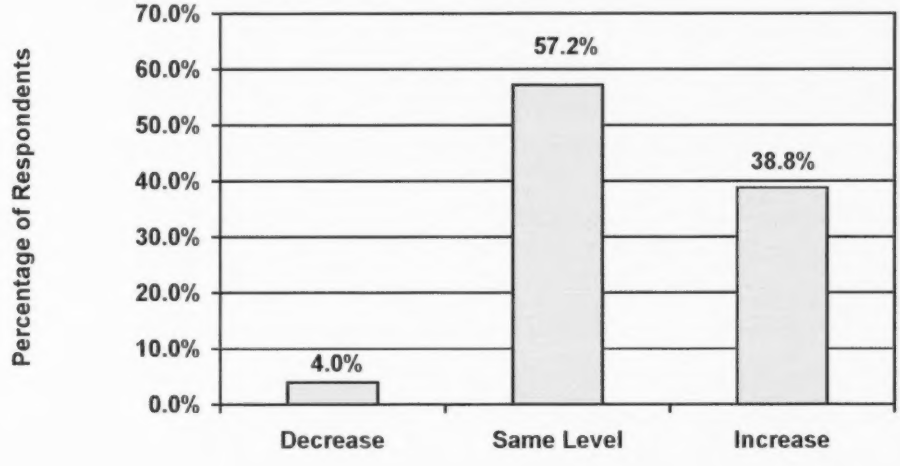
City Council has limited choices, other than through an increase in the mill rate to generate additional revenue. For many revenue sources (gas revenues, electrical revenues, interest earnings and government grants), City Council has no control over the revenue generated.

City Council does have a choice to reduce expenditures. There are, however, certain realities to consider:

- A reduction in expenditures will result in either a reduction in direct services to the public, or a reduction in activities that support the provision of services to the public.
- A reduction in expenditures will in most instances lead to a reduction in staff. Salaries and wages is the largest portion of the operating and capital budgets.
- If there are significant expenditure reductions to be made, it will take time (and some cost) to implement the reductions. There is likely a period of 6 to 12 months before the full benefit of expenditure reductions would be achieved.

The 2006 survey indicated that generally, Regina residents appear content with the level of services provided to them, with the majority (57%) suggesting the status quo for service level. However, more than one-third would support increased services, an increase of about 5% from 2006. Only 2.9% would favour a decrease in services.

Do you think the City should increase services, decrease services, or keep them at the same level?



The Administration has already targeted a total of $2.4 million in funding to be reallocated to priorities. Additional reductions cannot be made without reductions in service.

Budget Risks

It is important that budget choices are sustainable. From a fiscal perspective, the key consideration for City Council is the extent that the budgets are funding ongoing expenditures with ongoing revenues, and matching one-time or limited term expenditures with one-time revenues or funding sources. To the extent that budgets do not fully fund planned expenditures, or ongoing expenditures are being funded with one-time revenues, Council is shifting the budget burden to future years.

There are budget risks for 2007. These include:

- The 2007 budget was developed assuming that there will be $3.3 million in provincial capital funding provided, in addition to the Municipal Rural Infrastructure Funding. There is a possibility that funding may not be provided in 2007 or future years.

- Many of the City's revenues and expenditures are subject to change due to external influences. Many factors impact revenues and/or expenditures including the weather, the cost of fuel, interest rates, gas rates and electrical rates. There could be positive or negative variances in 2007 due to these factors.

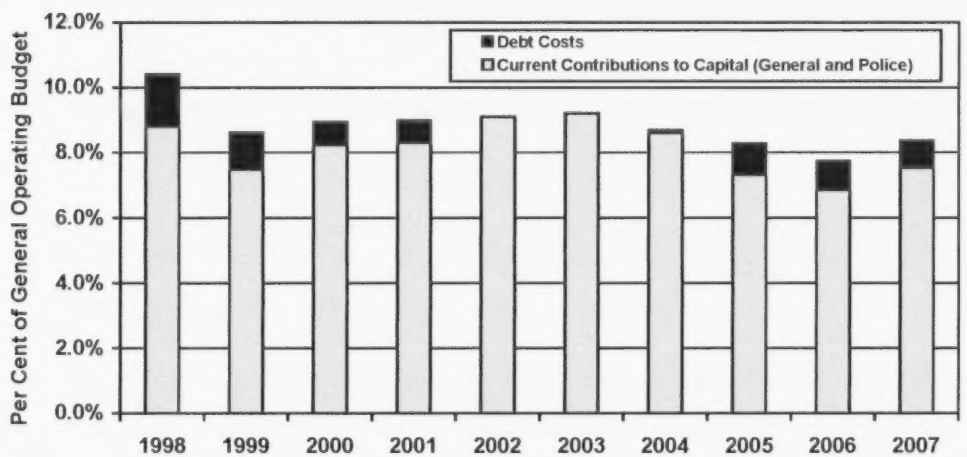
- There is some risk that assessment appeals will reduce actual tax revenue during 2007. This risk is lower than in previous years because of a lower number of appeals filed for 2007.

- Although there is an increase in capital funding from the General Operating Budget of $2.7 million from 2006, inflationary pressures from the western Canadian construction market may undermine the spending power in the budget.

  The additional capital funding from the Federal and Provincial Governments have provided some relief from these pressures. However, only the federal gas tax grant has committed funding over the next seven years; other programs are of unknown duration, which may add to pressure in future years.

- The following graph shows the percentage of the General Operating Budget directed to capital funding since 1997. The graph shows the percentage of the General Operating Budget available to fund the capital program and the percentage of the budget for debt costs.

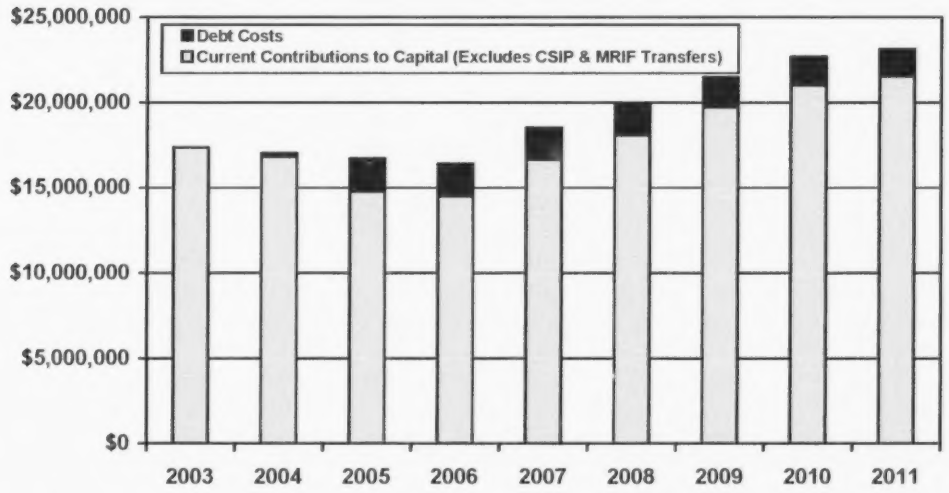
Capital Funding From Current Operations – 1998 to 2007
(Per Cent of General Operating Budget)



The 2007 Budget reflects an increase in civic contributions to capital of $2.7 million from 2006 and a decrease of $566,000 in the capital requirements of the Board of Police Commissioners.

The 2007 to 2011 General Capital Program is based on a plan to increase the City's current contribution to capital each year. The funding plan is shown in the following graph.

Capital Funding Plan



- The City does not have extensive reserves. Although the 2006 ending balance in the General Reserve Fund was $19.2 million as a result of a number of one-time inflows, the City's overall level of reserves is relatively low compared to other western Canadian cities. In addition, the City's reserve balances have decreased significantly over the three years prior to 2006, primarily because of the city's contribution for the Wascana Lake Deepening and the Credit Union Eventplex projects.

The next table is a summary of the City's reserve balances for the last four years. There was a substantial decrease in the overall reserve balances of about $14 million from 2003 to 2004, with an increase in the past year.

Reserve Balances ($000's)

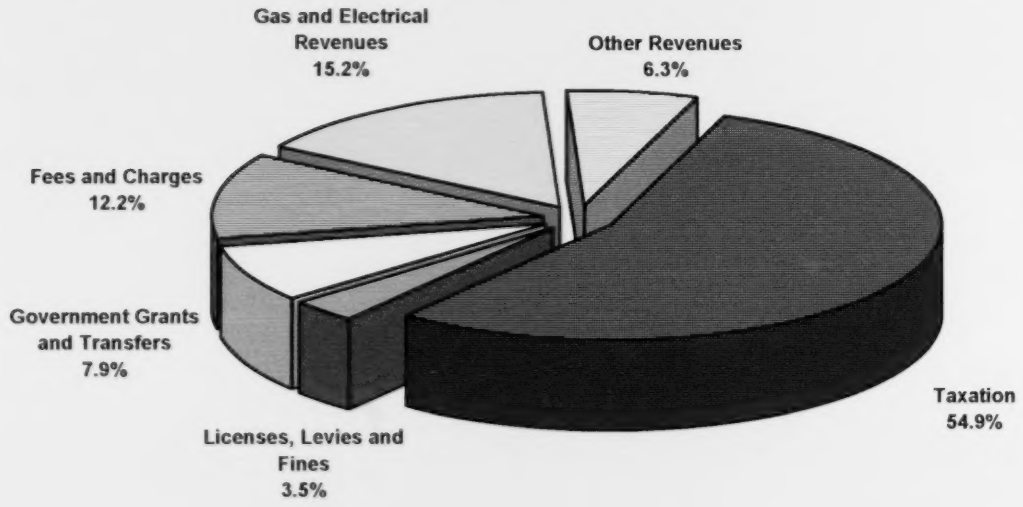
	2003	2004	2005	2006
General Reserves:				
General Fund Reserve	18,898	8,490	10,414	19,216
General Utility Reserve	6,175	6,981	5,118	7,020
Subtotal	25,073	15,471	15,532	26,236
Specific Purpose Reserves:				
Landfill Reserve	6,841	7,177	9,300	10,415
Equipment Replacement Reserve	4,989	2,409	1,353	371
Winter Road Maintenance Reserve	3,452	2,502	1,427	1,714
Social Development Reserve	1,292	1,075	948	679
Cultural Heritage Special Capital Reserve	557	-	-	-
Other Reserves	2,970	2,475	2,448	2,646
Subtotal	20,101	15,638	15,476	15,825
Reserve Totals	45,174	31,109	31,008	42,061

General Operating Revenues

Operating Revenue Summary ($000's)

Revenue Category	2006 Budget	2006 Actual	2007 Budget	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Taxation	115,464.2	116,163.6	**121,179.6**	5,715.4	4.9
Government Grants and Transfers	14,813.1	14,596.2	**17,525.5**	2,712.4	18.3
Licenses, Levies and Fines	8,093.5	8,246.0	**7,666.0**	(427.5)	(5.3)
Fees and Charges	25,846.1	29,576.8	**26,886.8**	1,040.7	4.0
Other Revenue	47,367.0	46,406.2	**47,606.4**	239.4	0.5
Total	211,583.9	214,988.8	**220,864.3**	9,280.4	4.4

2007 Operating Revenues


Gas and Electrical Revenues 15.2%
Other Revenues 6.3%
Fees and Charges 12.2%
Government Grants and Transfers 7.9%
Taxation 54.9%
Licenses, Levies and Fines 3.5%

Highlights with respect to the 2007 revenue budget are:

- **The mill rate increase for 2007 is 3.91%.**
- **The 2007 Budget has been prepared including the increase to the Revenue Sharing Grant $2,746,800 provided in the 2007/08 Provincial Budget.**
- **Gas and electrical revenues are projected to increase by $1,552,500.** The projected increase is based on the actual revenues in 2006. No further rate changes are assumed in the projections. The natural gas market is extremely volatile so significant variances may occur.

- **The transfer from the General Fund Reserve is $90,000**. The 2007 transfer is to fund $20,000 for the 2007 portion of a multi-year commitment for Government House which will end in 2009 and $70,000 for hosting of the Canadian Country Music Awards in September. These items were previously approved by City Council.

- **The utility surplus transfer for 2007 is $4,852,200, an increase of $180,200 over 2006**. The budget retains a transfer of $675,000 from the Water and Sewer Utility related to the additional GST rebate implemented by the Federal Government in 2005.

The following table is a detailed list of 2007 revenue sources for the General Operating Budget. The table outlines the amount of revenue, along with an analysis of the factors that determine the revenue generated from those sources. For some revenue sources City Council controls one or more of the factors that determine the revenue generated, although there may be some restrictions in legislation or regulations. For some revenue sources (gas revenues, electrical revenues, interest earnings and government grants), City Council has no control over the revenue generated.

General Operating Revenues					
Revenue Source	**Factors Determining the Amount of Revenue**	**Does the City Control?**	**2007 Budget**	**Per Cent of Total**	**Cumulative Percentage**
Property Taxes (including supplementary taxes)	Assessment Growth Mill Rates	No **Yes**	$ 111,642,700	50.5%	50.5%
Electrical Revenues	Formula for Transfers Electrical Rates Consumption	No No No	24,010,000	10.9%	61.4%
Government Grants and Transfers (includes Police & Lotteries)	Government Policy	No	21,915,400	9.9%	71.3%
Gas Revenues	Payment In Lieu Rate Natural Gas Rates Consumption	No No No	9,667,500	4.4%	75.7%
Grants-In-Lieu of Property Taxes	Assessment Growth Mill Rates Government Policy	No **Yes** No	7,936,900	3.6%	79.3%
Community and Leisure User Fees	Amount of Fee Amount of Use	**Yes** No	7,191,200	3.3%	82.6%
Transit and Paratransit User Fees	Amount of Fee Amount of Use	**Yes** No	5,634,200	2.6%	85.1%
Utility Surplus Transfer	Transfer Rate Calculation Base	**Yes** **Yes**	4,852,200	2.2%	87.3%
Waste Collection and Disposal Fees	Amount of Fee Amount of Use	**Yes** No	4,311,800	2.0%	89.3%
Interest Earnings	Interest Rates Cash Balances	No No	4,466,400	2.0%	91.3%
Fines	Fine Amount Number of Infractions Level of Enforcement	**Yes** No **Yes**	3,660,000	1.7%	92.9%
Recovery of Administrative Costs (Utility, Pension Plans & BPWAB)	City Council Policy	**Yes**	3,102,500	1.4%	94.4%
Paved and Gravel Alley Special Tax	Levy Rates Alley Lengths	**Yes** No	2,716,000	1.2%	95.6%

General Operating Revenues					
Revenue Source	**Factors Determining the Amount of Revenue**	**Does the City Control?**	**2007 Budget**	**Per Cent of Total**	**Cumulative Percentage**
Other Revenue or Fees	Amount of Fee	**Yes**	2,136,800	1.0%	96.5%
	Amount of Use	No			
Recovery From Other Taxing Authorities (net of cancellations)	Transfer Rate	No	1,600,000	0.7%	97.3%
	Calculation Base	No			
Transfers From Reserves	Council Policy	**Yes**	242,800	0.1%	97.4%
	Availability of Reserves	No			
Penalties on Taxes	Penalty Rates	**Yes**	1,265,000	0.6%	98.0%
	Outstanding Taxes	No			
Parking Meter and Permit Fees	Amount of Fee	**Yes**	1,264,000	0.6%	98.5%
	Number of Meters	**Yes**			
	Amount of Use	No			
Cemetery Fees	Amount of Fee	**Yes**	852,900	0.4%	98.9%
	Amount of Use	No			
Building Permit & Inspection Fees	Amount of Fee	**Yes**	956,000	0.4%	99.3%
	Number & Value of Permits	No			
Business and Taxi Licenses	License Fee	**Yes**	740,000	0.3%	99.7%
	Number of Licenses	No			
Amusement Tax	Tax Rate	**Yes**	550,000	0.2%	99.9%
	Ticket Prices	No			
	Number of Tickets Sold	No			
Planning and Development Fees	Amount of Fee	**Yes**	150,000	0.1%	100.0%
	Number of Applications	No			
2007 General Operating Revenue			220,864,300	100.0%	

Each budget process involves choices with respect to costs (services provided, service costs and the method of service delivery), and the revenues available to fund the costs. Revenue choices include:

1. **Seek additional funding from the senior governments, or seek authority for new sources of revenue.** There are limits to the authority of City Council with respect to revenue options. The taxation authority for the City is limited to that provided in *The Cities Act*. The City's authority for taxes is essentially property tax, amusement tax and special taxes.

   There has been considerable discussion about cities obtaining a share of the fuel tax or other vehicle related revenues such as a vehicle surcharge. The Federal Government now provides municipalities 1.5 cents per litre of the Federal fuel tax starting in 2005, increasing to 5 cents per litre in 2009. In Alberta, Calgary and Edmonton each receive 5 cents per litre for every litre of gasoline sold in the city. In Ontario, the Province provides 2 cents per litre in 2006.

   City Council could seek additional grant funding from the senior governments. The Province has increased funding through the Revenue Sharing Grant Pool in the last three years.

   An important consideration for Regina and other cities is whether it is preferable to seek additional grants or additional authority. There are significant short and long-term implications to each approach.

2. **Increase the mill rate.** The mill rate is the primary determinant for property tax revenue and grants or payments in lieu of property tax. The revenue from property tax does not increase in the same way that Federal and/or Provincial Government taxes increase. Taking the PST as an example, the revenue from PST is influenced by three factors:

   - Tax rate (currently 5% in Saskatchewan);
   - Growth in the tax base resulting from more goods and services being sold – essentially growth through an increase in the "volume" or the tax base; and,
   - Growth in the tax base as the cost of goods and services increases – essentially growth in the tax base through increases in "value or price".

   For property taxes, while the assessment base has growth each year due to the construction or renovation of buildings that generates new property taxes, there is no increase in property taxes from growth in the assessed value of properties based on market appreciation.

3. **New or increased user fees and charges, fines and license fees.** Significant rate decisions made in recent years that are reflected in the 2007 budget projections include:

   - A fee schedule (Report CR03-171) for community and leisure services for the 2003 to 2007 period.
   - Increased landfill rates (Report CM03-15) for 2003 to 2006. Landfill rates will be reviewed for 2008.

4. **Pursue alternative revenue options provided for in *The Cities Act* that are not currently used by the City of Regina.** Revenue options include:

   - The definition of a public utility [Section 2(cc)] includes waste management and street lighting services. During the 2002 budget process, the Executive Committee (Report EX02-15) considered the concept of a Waste Management Utility. The decision was made not to proceed with a utility. If a utility was implemented for waste management or street lighting, the cost of the services could be funded through a special charge rather than through general revenues.

     There are a number of municipalities that pay for waste collection and disposal through specific fees. The fee structures are typically either a flat fee irrespective of the amount of waste disposed, or use of a system such as the "tag a bag" system. The "tag a bag" concept could not be implemented in Regina for those portions of the city served by rear lane collection.

   - Section 8(3) of The Cities Act provides the authority for fees for licenses, inspections, permits or approvals. Section 8(4) of the legislation limits the license fees to the cost to the City for administering and regulating the activity and collecting the fees. While the City has many fees and charges, there may be opportunity for additional fees and charges. The total revenue increase available through new fees is likely minimal.

   - Section 264 of The Cities Act allows the establishment of service fees in connection with any service provided by the City. The difficulty with the legislation is that to enforce collection of the fee, the only option is to discontinue the service. For some services, discontinuance may be an option, but for many services this is not an option.

   - Section 275 of The Cities Act authorizes a council to pass a special tax bylaw to raise revenue to pay for any specific service or purpose to be completed within the current year. The special tax could apply to the entire city or a portion of the city. The tax rate can be applied based on the property assessment, the frontage of a property, the area of a property or to each parcel of

property. The only special tax currently levied by the City is for costs related to the reconstruction and maintenance of alleys and lanes.

- Section 279 of The Cities Act authorizes an amusement tax. While the City currently has an amusement tax, the City has chosen to limit the tax to those attending a commercial movie theatre. The tax base could be expanded to other forms of entertainment where an entrance fee or admission is charged.

If new taxes or fees are implemented, there will be increased administrative costs. The cost may be modest if existing billing and collection processes can be used. If not, the administrative cost of a new fee or tax could be substantial.

Taxation

Operating Revenue Summary ($000's)

Revenue Source	2006 Budget	2006 Actual	2007 Budget	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Municipal Property Tax	105,597.0	105,714.5	**110,842.7**	5,245.7	5.0
Payments and Grants in Lieu of Tax	7,467.2	7,550.1	**7,936.9**	469.7	6.3
Total Property Tax	113,064.2	113,264.6	**118,779.6**	5,715.4	5.1
Supplementary Property Tax	800.0	839.6	**800.0**	-	-
Recovery from Other Taxing Authorities	2,000.0	2,133.9	**2,000.0**	-	-
Tax Cancellations	(400.0)	(74.5)	**(400.0)**	-	-
Total	115,464.2	116,163.6	**121,179.6**	5,715.4	4.9

The 2007 budget for property taxes and grants in lieu of property taxes is about $121.2 million, an increase of about $5.7 million over the 2006 budget. The key assumptions or factors that impact the budget are:

- **There is an increase in the municipal mill rate of 3.91% for 2007**. The mill rate for 2007 is 18.3907, compared to 17.6987 for 2006. With no mill rate increase, tax revenues would increase by $1,074,900.

- The 2007 preliminary assessment roll is $6,528,616,800. The assessment roll was reviewed for potential risk due to corrections and assessment appeals using preliminary information obtained from appeals filed by the deadline of December 18, 2006. The volume of appeals for 2007 is lower than prior years. Based upon the review of appeals received, there is a risk of reduction in the assessment of about $49 million. This would be equivalent to a reduction in tax revenues of about $1.39 million. There is some risk that the $1.39 million will not be sufficient. The actual reduction, including potential appeals outstanding at the end of the year, could be higher.

The following table details the property tax and grants in lieu of tax revenue (budget and actual) for the last five years. The property tax revenue includes supplementary taxes.

Tax Revenue ($000's)	2002	2003	2004	2005	2006
Property Tax:					
Budget	96,522.6	98,184.3	99,286.7	102,907.2	105,597.0
Actual	94,573.0	95,036.5	95,734.6	101,981.2	105,714.5
Variance	(1,949.6)	(3,147.8)	(3,552.1)	(926.0)	117.5
Grants In Lieu of Property Tax:					
Budget	7,885.4	8,456.3	7,739.4	7,739.4	7,467.2
Actual	7,863.4	8,051.3	7,574.2	7,574.2	7,550.1
Variance	(22.0)	(405.0)	(165.2)	(165.2)	82.9

As a result of assessment appeal decisions within the year and allowances for outstanding assessment appeals at the end of each year, there has been significant volatility in actual tax revenue as compared to budgeted revenues. **In four of the last five years, actual tax revenues have been less than the budget.**

Mill Rates and Mill Rate Factors

Mill rates and mill rate factors serve different purposes. The mill rate, applied to the taxable assessment (including the assessment of grant in lieu properties), determines the total tax generated. Mill rate factors determine the distribution of the taxes between groups of properties. The following table is the history of mill rates, including the mill rates for the Schools and Library, over the last ten years. There have been reassessments in 1997, 2001 and 2005. Whenever a reassessment occurs, the mill rate is recalculated such that there is no change in the total taxes levied as a result of the reassessment. The annual per cent change for 1997, 2001 and 2005 in the following table is based on the mill rate for the year in comparison to the restated mill rate for the prior year.

Mill Rate History

	Municipal		Schools		Library		Total	
Year	Mill Rate	Per Cent Change	Mill Rate	Per Cent Change	Mill Rate	Per Cent Change	Mill Rate	Per Cent Change
1998	17.603	-	19.813	-	1.880	-	39.296	-
1999	17.937	1.90%	20.189	1.90%	1.916	1.90%	40.042	1.90%
2000	18.176	1.33%	20.391	1.00%	1.935	1.00%	40.502	1.15%
2001	17.6549	-	19.5294	-	1.8795	-	39.0638	-
2002	18.4194	4.33%	19.7247	1.00%	1.9077	1.50%	40.052	2.53%
2003	18.6212	1.10%	19.7247	-	1.9745	3.50%	40.320	0.67%
2004	18.6212	-	19.7427	-	1.9745	-	40.338	-
2005	17.6987	4.00%	18.0264	-	1.8045	3.00%	37.5296	1.99%
2006	17.6987	-	18.5528	2.92%	1.9320	2.92%	38.1835	1.74%
2007	18.3907	3.91%	19.0166	2.44%	2.0267	4.90%	39.4340	3.17%
Average Increase - 1998 to 2007		**1.66%**		**0.68%**		**1.87%**		**0.99%**

Mill rate factors can be established by City Council for each property class or subclass. The factors change the distribution of the total tax levied but do not increase or decrease the total tax collected. The following table shows the mill rate factors since 2003.

Mill Rate Factors

Property Class/Subclass	2003	2004	2005	2006	2007
Residential (including condominiums)	0.8789	0.8789	0.83423	0.84113	0.84803
Multiple Family Residential	1.2693	1.2693	1.27557	1.19420	1.11284
Commercial and Industrial	1.1900	1.19768	1.34557	1.34557	1.34557
Exterior Hotels	na	0.61763	na	na	na
Golf Courses	na	0.7800	0.94826	0.94826	0.94826
Agriculture	1.1900	1.1900	1.34557	1.34557	1.34557

In 2004, City Council directed that a Tax Policy be implemented to bring all residential taxes to a single rate over a five-year period beginning in 2006. Prior to 2005, the relative tax rate for Multiple-Family residential versus Other Residential property was 1.44, or about 30% higher. The impact of the Tax Policy change is an increase in the mill rate factor for Residential (including condominiums) of 0.8%; and a decrease in the mill rate factor for Multiple Family Residential of 6%. This will continue until 2010 when the mill rate factors will be equalized.

Property Assessment

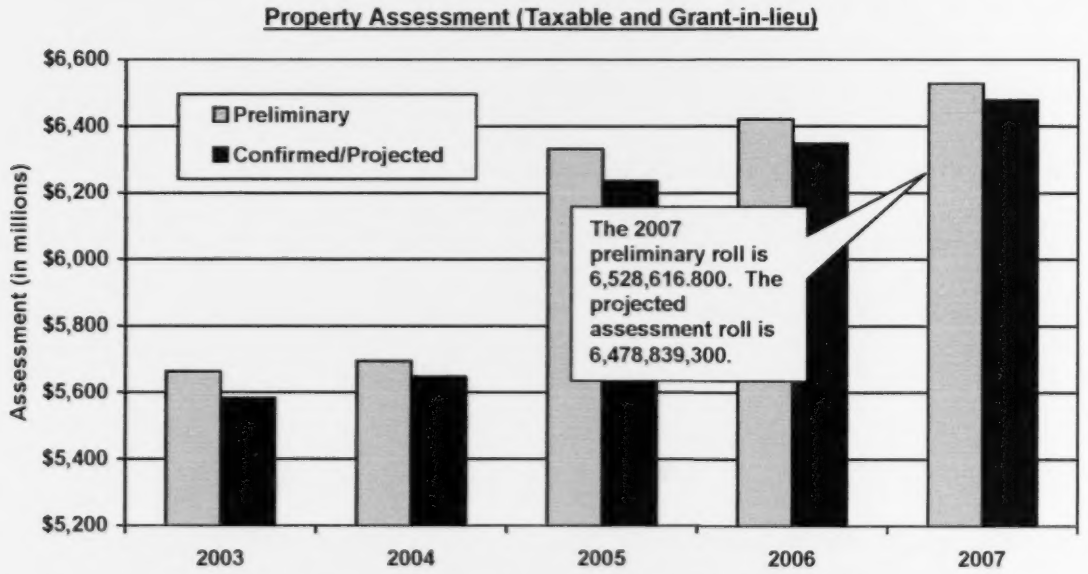
Taxable assessment for a property is the fair value assessment determined in accordance with legislation and the Saskatchewan Assessment Manual multiplied by the provincial percentage set by the Province. For 2007, the provincial percentages are:

- 70% for all residential property, including condominiums and multi-unit residential property.
- 40% for non-arable land and 55% for other agricultural property.
- 75% for elevators, rail right of ways and pipelines; and,
- 100% for all other commercial and industrial property.

Each year an assessment roll is prepared. Within 30 days from the "opening" of the assessment roll, property owners have the right to file an assessment appeal. The first step of the assessment appeal process is an appeal to the Board of Revision. If any party to the assessment appeal is of the view that the Board of Revision erred in their decision, the party can appeal to the Saskatchewan Municipal Board Assessment Appeal Committee (SMBAAC). Once the SMBAAC renders a decision, parties to an appeal have the right to seek leave to appeal to the Court of Appeal with respect to a question of law.

Each year, there are changes to the assessment roll. This includes changes due to assessment appeal decisions of the Board of Revision and/or SMBAAC; additions to the assessment roll resulting from new construction or major renovations of property, the subdivision of property and zoning changes; and, deletions to the assessment roll, typically resulting from demolitions of property.

The total taxable assessment (including the assessment of grant in lieu properties) has been subject to significant change and uncertainty due to assessment appeals. The following graph highlights the variability between the preliminary assessment roll and confirmed assessment roll totals since 2003.



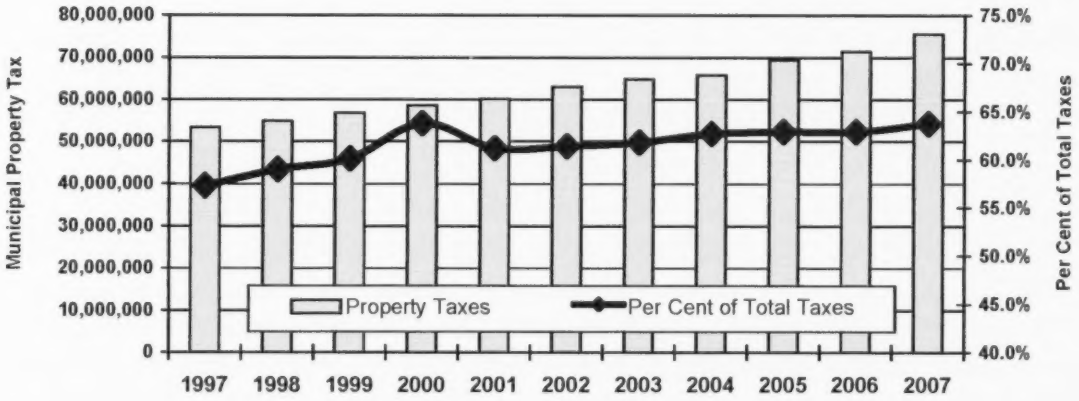
Note – Assessments for 2002 – 2004 are valued with a base year of 1998. The 2005 – 2006 assessment is valued with a base year of 2002.

In recent years, due to the impact of assessment appeals and other assessment changes, the confirmed assessment roll is less than the preliminary assessment roll. The contingent liability for assessment appeals outstanding at December 31, 2006 is about $6.2 million. The risk is with respect to appeals for the years 2001 to 2006.

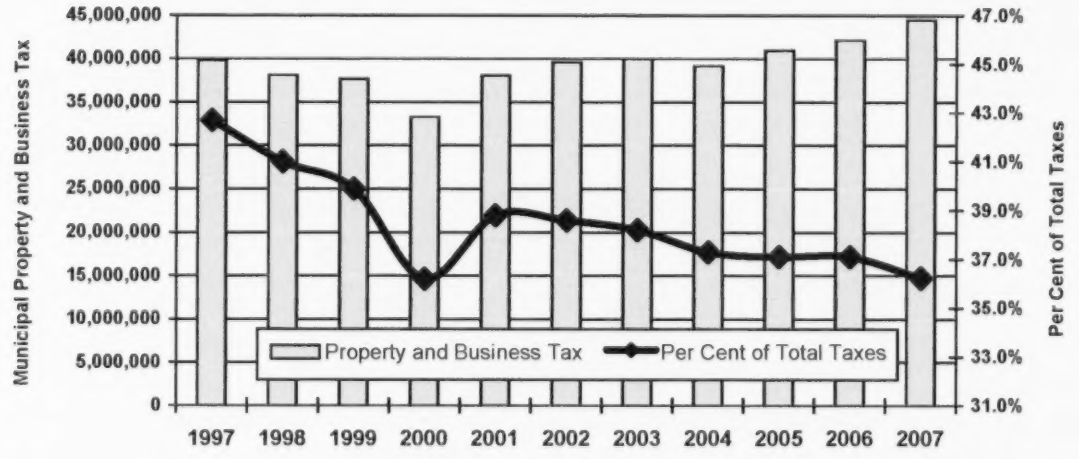
Tax Distribution

The next two graphs provide information on the changes in the distribution of taxes in Regina since 1997. The taxes are based on the confirmed assessment roll each year, net of phase-in adjustments and do not reflect allowances established at the end of the year for appeals, nor subsequent appeal decisions. The taxes for 2006 are based on the projected assessment. The graphs show the total taxes and percentage of total taxes since 1997.

Municipal Property Tax – Residential Properties



Municipal Property Tax – Commercial, Industrial and Other Properties



This graph includes grants-in-lieu of government and crown-owned properties. The trend has been a decrease in the proportion of total municipal taxes paid by commercial, industrial and other properties.

Government Grants and Transfers

Operating Revenue Summary ($000's)

Revenue Source	2006 Budget	2006 Actual	2007 Budget	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Revenue Sharing Grant	13,000.0	12,951.6	**15,746.8**	2,746.8	21.1
Paratransit Grant	900.0	919.1	**919.1**	19.1	2.1
Other Grants:					
Mosquito Control Grant	280.1	282.2	**281.6**	1.5	0.5
Dutch Elm Disease Grant	20.0	20.0	**20.0**	-	-
Discount Transit Pass Grant	300.0	340.4	**300.0**	-	-
Urban Aboriginal Leadership Program	-	31.5	-	-	-
Inner City Community Partnership	55.0	14.5	**23.0**	(32.0)	-
Cultural Capitals of Canada Grant	23.0	-	-	(23.0)	-
Act Solutions For Regina	5.0	2.0	**5.0**	-	
Regina Solar Affordable Housing Project	10.0	-	**10.0**	-	-
Core Sustainable Neighborhood Feasibility Study	220.0	-	**220.0**	-	-
In Motion Grant	-	24.7	-	-	-
Crime Prevention Week	-	4.5	-	-	-
Crime Prevention Initiative	-	5.7	-	-	-
Total	**14,813.1**	14,596.2	**17,525.5**	2,712.4	18.3

Revenue Sharing Grant

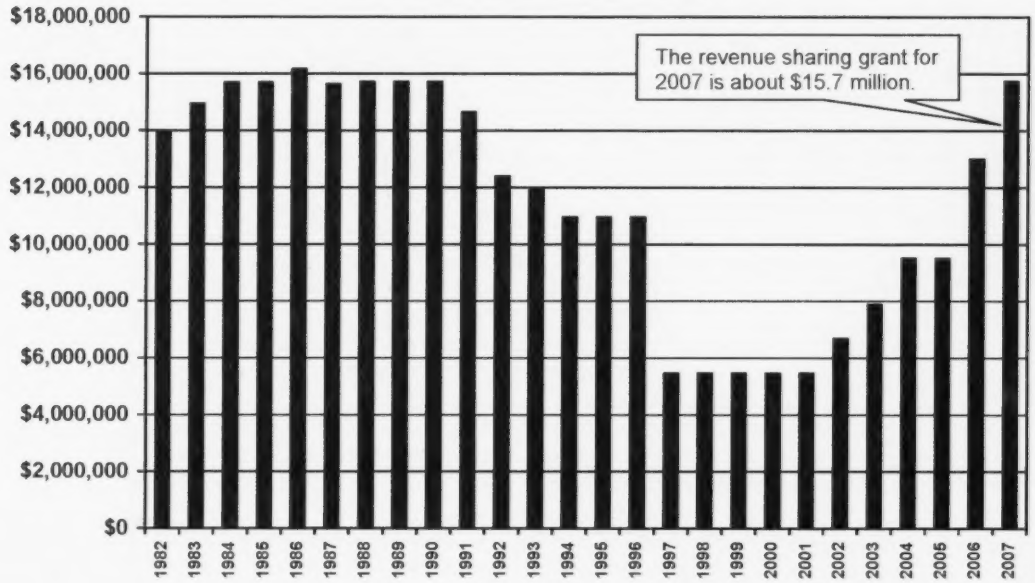
For 2007, funding for Regina from the Provincial Revenue Sharing grant is approximately $15.7 million. This represents an increase of approximately $2.7 million, compared to 2006. In 2007, the Province increased the Revenue Sharing Grant by making an addition to the Provincial Revenue Sharing Pool provided to Saskatchewan municipalities of $30 million.

In 2006, the Province increased the Revenue Sharing Pool on an ongoing basis with a resulting increase of $1.7 million. In 2006, there was also a one-time grant of $1.7 million to Regina. As a result, although Regina's share of the $30 million increase for 2007 is $4.5 million, the net impact on the 2007 budget is only $2.7 million.

The increases for 2006 and 2007 represent a significant step in addressing the fiscal imbalance that resulted from the reductions in revenue sharing that occurred throughout the 1990's. Throughout 2006, the Province has been working closely with the municipal sector towards a new arrangement for municipal funding, with a goal to develop a new policy by the fall of 2007.

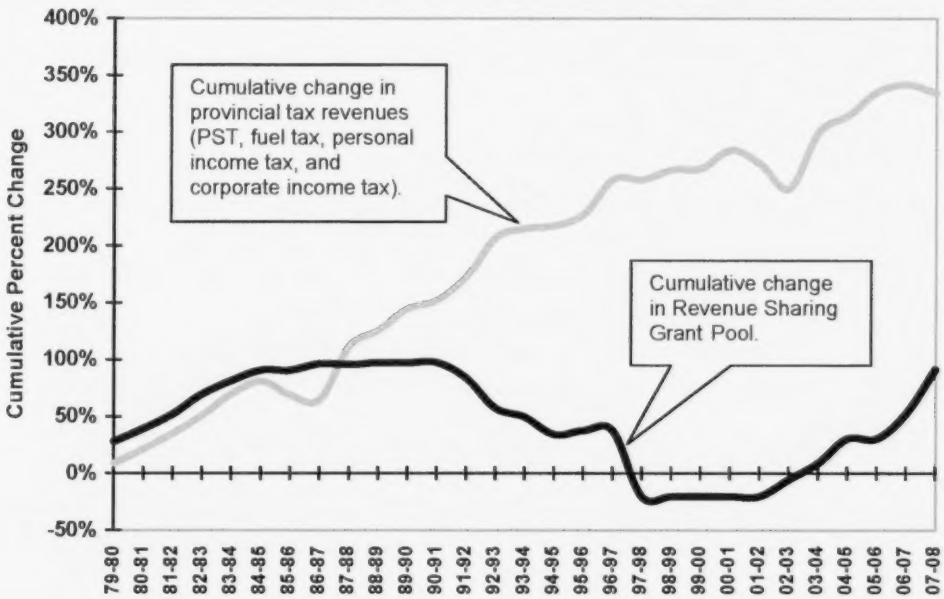
The following graph shows the annual revenue sharing grant received by Regina since 1980:

Regina's Revenue Sharing Grant



Initially, the amount of funding in the Revenue Sharing Grant Pool was linked to four provincial tax bases (retail sales, fuel, personal income and corporate income), with the size of the pool increasing or decreasing with the change in the tax base (not tax revenue). The following graph shows the increase in the Urban Revenue Sharing Grant Pool since the inception of the grant program, in comparison to the increase in tax revenue from the four provincial taxes initially linked to the Revenue Sharing Grant Pool.

Provincial Tax Revenue and Revenue Sharing Grant Pool



Even with the increases in 2006 and 2007, Regina's Revenue Sharing Grant is less than the amount received in 1986, without considering the impact of inflation.

In 1990, the Revenue Sharing Grant accounted for 11.1% of the total general operating revenue budget. In 2007 the grant accounts for 7.1% of the total general operating revenue.

The following table shows the distribution of the revenue sharing grants for urban and rural municipalities in 1990 and 2007.

Distribution of Revenue Sharing Grant Pools

	1990			2007		
	Amount	Per Cent of Total	Per Capita Grant[1]	Amount	Per Cent of Total	Per Capita Grant[1]
Urban Municipalities						
Regina	$ 15,727,000	15.3	$ 87.77	$ 15,746,761	12.4	$ 87.85
Saskatoon	15,860,400	15.5	85.24	17,775,569	14.0	87.85
Other Cities	10,663,800	10.4	68.68	13,302,070	10.5	87.85
Towns and Villages	19,904,500	19.4	88.71	20,524,600	16.1	104.21
Subtotal	62,155,700	60.6	83.44	67,349,000	52.9	92.23
Rural Municipalities	40,460,000	39.4	192.83	59,910,000	47.1	315.63
	$ 102,615,700	100.0	107.47	$ 127,259,000	100.0	131.44

Note 1: The census populations for 1991 and 2006 are used to calculate the per capita grants for 1990 and 2007.

Paratransit Grant

For 2007, the **Paratransit Grant** is projected to be $919,100, an increase of $19,100 from the 2006 budget. The 2007 grant is not final and could change as a result of the final calculation by the Province.

The Province's Transit Assistance for the Disabled program provides operating and capital grants to transportation programs such as Regina's paratransit system. When the grant program was first implemented, the program funded 50% of the net operating cost of the paratransit program and 75% of the capital cost. The operating grant has been converted to a performance-based grant with the level of funding linked to the number of trips.

The paratransit grant has not kept pace with service needs and costs. The following table provides information on the operating grants since 2001.

Paratransit Service ($000's)	2001	2002	2003	2004	2005	2006	2007
Provincial Operating Grant	710.0	856.6	930.5	897.9	939.2	900.0	919.1
City's Operating Contribution	1,056.4	1,308.3	1,247.4	1,380.3	1,461.0	1,639.5	1,713.1
Total Contributions	1,766.4	2,164.9	2,177.9	2,278.2	2,400.2	2,539.5	2,632.2
Provincial Operating Grant	40.2%	39.6%	42.7%	39.4%	39.1%	35.4%	34.9%
City's Operating Contribution	59.8%	60.4%	57.3%	60.6%	60.9%	64.6%	65.1%
Total Contributions	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The Province's contribution has dropped from the initial target of 50% to less than 40% of the net operating cost of the program. Based on the projections for 2007 the contribution will be about 34.9%. The City supported the move to a performance-based system for providing the operating grants. The concern however is that the level of provincial funding (as a portion of the net cost of the program) is declining due to funding for the program not increasing, and costs of delivering the program continue to increase. The level of funding for Regina is also adversely impacted if there is more rapid growth in the number of trips in other communities. While it is reasonable that communities with an increasing number of trips should receive additional funding, the additional funding should come from an increase in the total grant pool, not by reducing the provincial contribution per trip.

Other Grants

The total for other grants for 2007 is $859,600. The Province also provides transfers to the Regina Police Service. The transfers received by the Regina Police Service are included in the Fees and Charges section for Police. Other grants are conditional grants linked to specific projects or initiatives. Most of the grants are one-time grants that will not be received from year to year. Some of the grants, such as those for the control of Dutch Elm Disease, the Mosquito Control Grant or the Discounted Transit Pass Grant are programs that could extent for several years, although there is no specific commitment from the Province with respect to the timeframe for the grants.

Licenses, Levies and Fines

Operating Revenue Summary ($000's)

Revenue Source	2006 Budget	2006 Actual	2007 Budget	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Licenses					
Business Licenses	750.0	724.7	**700.0**	(50.0)	(6.7)
Taxi Licenses	42.0	38.5	**40.0**	(2.0)	(4.8)
Levies and Other Taxes					
Paved and Gravel Alley Special Tax	2,761.8	2,432.8	**2,716.0**	(45.8)	(1.7)
Local Improvement Levy	334.7	325.4	-	(334.7)	(100.0)
Amusement Tax	525.0	598.2	**550.0**	25.0	4.8
Fines					
Court Fines	2,400.0	2,473.6	**2,400.0**	-	-
Parking Tickets[1]	1,280.0	1,674.7	**1,260.0**	(20.0)	(1.6)
Total	8,093.5	8,267.9	**7,666.0**	(601.9)	(7.3)

Note:

1. *2006 actual includes $295,800 one-time adjustment as a result of a change in accounting policy to record ticket revenue on an accrual versus cash basis.*

Business Licenses

The authority for licenses is Section 8 of *The Cities Act*. The majority of the licenses issued by the City are pursuant to Bylaw 9565, The Licensing Bylaw.

The 2007 budget for business licenses is $700,000, a decrease of $50,000 from the 2006 budget. City Council (Report CR06-88) approved a simplified structure for license fees effective January 1, 2007. The new structure established two license categories with a fee of $225 for a Resident Business License and $450 for a Non-Resident Business License. On an annual basis, about 3,400 licenses are issued pursuant. Overall, the changes are expected to reduce total licensing revenues.

The following table details the business license revenue (budget and actual) since 2002.

Business License Revenue ($000's)	2002	2003	2004	2005	2006
Budget	590.0	565.0	665.0	750.0	750.0
Actual	529.0	571.1	775.1	835.3	724.7
Variance	(61.0)	6.1	110.1	85.3	(25.3)

Paved and Gravel Alley Special Tax

Funding for maintenance and reconstruction of alleys is through a **Paved and Gravel Alley Special Tax** levied pursuant to Section 275 of *The Cities Act*. The special tax is levied against all properties that abut an alley and is billed in conjunction with property taxes. The special tax also applies to exempt properties starting in 2005. The levy assessed pursuant to The Urban Municipality Act, 1984 applied to exempt

properties, but the special tax did not. Legislation was recently changed to re-instate the ability to apply the special tax to exempt properties.

The 2007 budget of $2,716,000 is a decrease of $45,900 over the 2006 budget. The 2007 budget reflects an increase in the special tax rates of approximately 3%. There is also deferred revenue collected in prior years that will be expended in 2007.

The following table details rates for alleys and lanes since 2003. Since 2003, the revenue was collected through the special tax provisions of *The Cities Act*. Prior to 2003, the levy was assessed pursuant to provisions of *The Urban Municipality Act, 1984*.

Assessable Rates	2003	2004	2005	2006	2007
Paved and Upgraded Alleys	$1.90/ft.	$2.09/ft.	$2.15/ft.	$2.21/ft.	$2.28/ft.
Gravel Alleys	$1.23/ft.	$1.35/ft.	$1.39/ft.	$1.43/ft.	$1.48/ft.

The rate increase for 2007 is consistent with the direction adopted by City Council to enhance the maintenance of alleys. In 1996, an initiative was undertaken to evaluate the entire alley system. From the review, it was proposed that a 30-year reconstruction cycle be adopted for paved alleys and a 40-year reconstruction cycle for gravel alleys. In order to implement this proposal the number of paved alleys reconstructed each year would be increased by an increment of four until 2005 when the program would provide for reconstruction of approximately 45 paved alleys. For gravel alleys, the number of alleys reconstructed each year would be increased by an increment of two until 2005 when the program would provide for the reconstruction of approximately 30 gravel alleys.

If the special tax levy is not fully expended in the year levied for the intended purpose, the amount of the levy that is not spent is recognized as deferred revenue and taken into revenue only when it is expended on the intended purpose.

Local Improvement Levies

Local improvement levies were previously treated as operating revenues; however, since they are directed to the cost of capital projects, they are more appropriately included in the capital budget and that change has been made for the 2007 Budget.

Local improvement levies are the result of past local improvement work, where property owners adjacent to the improvements were responsible for a portion of the cost of the work. Property owners have a choice to pay for the full cost of their share of the work when the work is completed, or pay for their share of the cost, plus interest, over a period of ten years through local improvement levies. During the course of the ten-year repayment period, property owners have the option of paying, without penalty, the balance of the amount owing to the City. **For 2007, the projected revenue from local improvement levies is $334,700, the same as the budget in 2006.**

Amusement Tax

The authority for **amusement tax** is Section 279 of *The Cities Act*. Bylaw 2003-102, the Amusement Tax Bylaw, establishes the amusement tax rate and defines the nature of entertainment subject to the tax. Amusement tax is applicable to the sale of tickets for commercial movie theatres. The amusement tax is 10%, with one-tenth of the amount to be retained by the theatre as an administrative fee or commission for collecting the tax.

For 2007, the projected revenue from amusement tax is $550,000. The budget is an increase of $25,000 from the budget for 2006. Starting in 2004, accounting policy was revised to record the full 10% amusement tax as revenue. The amount retained by the theatres as an administrative fee is recorded as an expenditure. The administrative fee or commission for 2007 is $55,000. The projected revenue increase is based on actual results for 2006, reflecting an increase in theatre attendance.

The following table details the amusement tax revenue (budget and actual) since 2002.

Amusement Tax Revenue ($000's)	2002	2003	2004	2005	2006
Budget	380.0	420.0	525.0	700.0	525.0
Actual	475.2	522.8	770.3	595.3	598.2
Variance	95.2	102.8	245.3	(104.7)	73.2

Court Fines

The projected revenue from court fines for 2007 is $2,400,000, no change from the 2006 budget. The increase is based on actual results in 2006.

Court fines are received either through the Municipal Court or through traffic violations that result in payment through the provincial court system. The Regina Police Service issues tickets for infractions of *The Provincial Vehicles Act* and the City of Regina Traffic Bylaw.

The next table provides a summary of the budgeted and actual revenue from court fines since 2002 along with history on the number of traffic tickets issued and paid.

Court Fines Information	2002	2003	2004	2005	2006
Fine Revenue ($000's):					
Budget	1,720.0	1,720.0	1,750.0	2,100.0	2,400.0
Actual	1,781.6	1,746.5	1,944.0	2,530.9	2,473.6
Variance	61.6	26.5	194.0	430.9	73.6
Traffic Tickets:					
Tickets Issued	20,371	19,101	24,886	26,206	n/a
Tickets Paid	18,746	18,860	22,026	24,263	23,793

Note:
1. *The information on traffic tickets issued and paid is not available from the Province at this time.*

While the Province administers and enforces the collection of tickets, they deduct from the fine revenue remitted to the City the following charges:

- A court security fee of $320,000 per year.
- An administration fee of 25% of the value of the tickets collected, plus the costs for credit and debit cards and collection agency fees. The total projected fine administration fee for 2007 is $630,000.

These fees are budgeted under Provincial Payments in the Finance Department budget.

Parking Fines

Parking fine revenue is projected to decrease in 2007 by $20,000 from the budget in 2006. The decrease is based on 2006 actual revenues. In 2004 City Council (Report CR03-113) increased parking infractions by $10, with a $5 increase in the discount, coupled with the discount period being extended from 10 days to 14 days.

The next table provides a summary of the parking fine revenue since 2002 along with information on the tickets issued and paid, and other related information.

Parking Ticket Information	2002	2003	2004	2005	2006
Parking Ticket Fines ($000's):					
Budget	1,070.0	1,172.0	1,500.0	1,400.0	1,280.0
Actual	1,165.7	1,317.2	1,431.2	1,412.3	1,674.7
Variance	95.7	145.2	(68.8)	12.3	394.7
Parking Tickets:					
Tickets Issued - City	76,024	69,373	68,370	69,344	59,321
Tickets Issued - Wascana/University	16,392	23,635	21,874	17,906	17,642
	92,416	93,008	90,244	87,250	76,963
Tickets Paid	83,906	82,065	77,882	75,770	67,974

Fees and Charges

Operating Revenue Summary ($000's)

Revenue Source ($000's)	2006 Budget	2006 Actual	2007 Budget	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Engineering and Works Department	5,979.8	6,442.9	**6,020.9**	41.1	0.7
Community Services Department	9,067.0	10,116.5	**9,257.1**	190.1	2.1
Transit Department	5,500.6	5,648.3	**5,634.2**	133.6	2.4
Police Department	3,923.7	4,966.0	**4,693.3**	769.6	19.6
Other Fees and Charges	1,375.0	2,403.1	**1,281.3**	(93.7)	(6.8)
Total	25,846.1	29,576.8	**26,886.8**	1,040.7	4.0

Engineering and Works Fees and Charges

Revenue Source ($000's)	2006 Budget	2006 Actual	2007 Budget	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Servicing Agreement Fees	50.0	117.6	**50.0**	-	-
Survey Services	20.0	20.0	**20.0**	-	-
Sale of Maps and Prints	10.0	7.8	**10.0**	-	-
Street Name Signs	8.5	14.9	**8.5**	-	-
Cut Repairs	142.0	344.9	**155.1**	13.1	9.2
Claims Revenue	130.0	51.3	**109.0**	(21.0)	(16.2)
Parking Permit Fees	64.0	94.1	**64.0**	-	-
Encroachment Fees	23.0	45.2	**23.0**	-	-
Parking Meter Fees	1,200.0	1,274.4	**1,200.0**	-	-
Other Permits	4.5	2.9	**4.5**	-	-
Other Revenues	15.0	26.3	**65.0**	50.0	333.3
Landfill Charges	3,814.5	3,925.0	**3,814.5**	-	-
Commercial Waste Collection	308.3	275.3	**307.3**	(1.0)	(0.3)
Recycling Revenues	190.0	243.2	**190.0**	-	-
Total	5,979.8	6,442.9	**6,020.9**	41.1	0.7

Parking Meter Fees

The 2007 budget for parking meter revenues is $1,200,000, no increase over 2006. In 2003, City Council (CR03-113) approved, effective July 1, 2003, an increase in parking meter rates from $0.75 to $1.00 per hour. The increase was for regular meters. Loading zone meters are 50 cents for 15 minutes.

The following table details parking meter revenue (budget and actual) since 2000.

Parking Meter Revenue ($000's)	2002	2003	2004	2005	2006
Budget	850.0	983.0	1,080.0	1,080.0	1,200.0
Actual	932.6	1,064.2	1,095.4	1,206.3	1,274.4
Variance	82.6	81.2	15.4	126.3	74.4

Landfill Fees

The 2007 budget for landfill fees is $3,814,500, no increase over the 2006 budget. In 2003, City Council (Report CM03-15) approved landfill rates for the 2003 to 2006 period. The rate prior to the approved schedule of increases was $20.60 per tonne. The rate increased to $27.50 per tonne August 31, 2003, $27.50 per tonne, January 1, 2004, $30.90 per tonne January 1, 2005 and $33.00 per tonne January 1, 2006. Rates will be reviewed in 2007.

In addition to the rate per tonne increasing, the rate for cars and trucks increased beginning in 2003. The rate had been $1.00 per vehicle, and increased to $3.00 per vehicle in August 2003, $4.00 per vehicle in 2004 and $5.00 per vehicle in 2005.

City Council also adopted a revised funding policy for the calculation of the transfer to the landfill reserve. Starting in 2003, the landfill and recycling revenues net of landfill and recycling operating costs are transferred to the Landfill Reserve to fund landfill capital costs. The landfill revenues used in the calculation of the transfer include the revenues from external customers, and the deemed revenue, based on the approved landfill rates for residential waste disposed at the landfill. A financial model has been developed for the landfill operations, taking into account operating and capital costs for the landfill and recycling. Rates are established based on funding requirements for operating costs along with current and projected capital requirements.

The following table details landfill revenue (budget and actual) since 2002.

Landfill Revenue ($000's)	2002	2003	2004	2005	2006
Budget	2,385.4	2,176.9	3,262.0	3,542.0	3,814.5
Actual	2,019.8	2,175.7	3,285.3	3,526.1	3,925.0
Variance	(365.6)	(1.2)	23.3	(15.9)	110.5

Community Services Fees and Charges

Revenue Source ($000's)	2006 Budget	2006 Actual	2007 Budget	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Community and Leisure Services Division					
Northwest Leisure Centre	427.1	394.3	**427.1**	-	-
Sandra Schmirler Leisure Centre	667.6	713.3	**697.4**	29.8	4.5
Lawson Aquatic Centre	772.2	840.1	**807.7**	35.5	4.6
Fieldhouse	642.2	634.9	**677.1**	34.9	5.4
Outdoor Pools	131.0	144.0	**130.0**	(1.0)	(0.8)
Neil Balkwill Civic Arts Centre	187.7	139.2	**172.7**	(15.0)	(8.0)
Speed Skating Oval	0.8	1.3	**0.8**	-	-
Outdoor Ice	0.6	0.9	**0.6**	-	-
Athletic Fields	131.9	168.5	**138.6**	6.7	5.1
Taylor Field	211.1	193.1	**211.1**	-	-
Leslie Lawn Bowling Greens	17.5	22.7	**17.5**	-	-
Tennis Courts	1.9	1.1	**1.2**	(0.7)	(36.8)
Douglas Park	3.0	7.0	**4.0**	1.0	-
Indoor Arenas	1,200.9	1,342.2	**1,205.0**	4.1	0.3
Other Revenues	14.0	32.9	**13.8**	(0.2)	-
Community & Social Development Services					
Facility Rentals	172.8	166.3	**177.2**	4.4	2.5
Program Registration Fees	45.1	19.9	**35.8**	(9.3)	(20.6)
Other Revenue	-	-	**-**	-	-
Parks and Open Space Management Division					
Golf Courses	2,357.0	2,510.1	**2,473.6**	116.6	4.9
Cemeteries	864.3	868.5	**852.9**	(11.4)	(1.3)
Streetscape	5.0	21.8	**5.0**	-	-
Other Revenue	24.0	81.3	**24.0**	-	-
Bylaw Enforcement Division					
Removal of Junk	79.5	80.5	**78.0**	(1.5)	(1.9)
RRAP Inspection Fees	27.8	44.1	**40.0**	12.2	43.9
Building Inspections Division					
Building Permits Fees	900.0	1,476.6	**900.0**	-	-
Other Revenue	16.0	17.8	**16.0**	-	-
Urban Planning Division					
Development Application Fees	120.0	92.0	**108.0**	(12.0)	(10.0)
Sign Permit Fees	32.0	32.7	**32.0**	-	-
Grant Miscallenous Revenue	-	28.2	**-**	-	-
Other Revenue	14.0	41.2	**10.0**	(4.0)	(28.6)
Total	9,067.0	10,116.5	**9,257.1**	190.1	2.1

Community and Leisure Services Revenue

The following table details community and leisure services revenue (budget and actual) since 2002. The revenue includes the fees and charges for the Community and Leisure Services Division, not including Indoor Arenas.

Community & Leisure Revenues ($000's)	2002	2003	2004	2005	2006
Budget	2,947.9	3,336.6	3,596.9	3,463.6	3,426.5
Actual	3,175.3	3,267.1	3,418.2	3,113.8	3,479.5
Variance	227.4	(69.5)	(178.7)	(349.8)	53.0

City Council (Report CR03-171) approved a fee schedule for Community and Leisure Services for the 2003 to 2007 period. Examples of the changes are:

- The youth general admission fee to a leisure facility was $2.55 on September 1, 2003, increasing to $2.70 January 1, 2004, $3.00 September 1, 2004, and $3.30 September 1, 2005. As of September 1 for the following years, the fee increases to $3.60 in 2006 and $3.90 in 2007.

- The adult general admission fee has a similar schedule of increases, with the overall increase from $3.40 as of September 1, 2003 to $5.20 as of September 1, 2007.

- The cost of a three month leisure pass for a youth increases from $62.00 as of September 1, 2003 to $98.00 as of September 1, 2007. Over the same period, the adult three-month leisure pass increases from $82.65 to $127.00.

Rates will be reviewed during 2007.

Arena Revenue

The 2007 budget for arena revenue is $1,205,000, an increase of $4,100 as compared to the 2006. City Council (Report CR03-171) adopted a revised fee schedule for arenas and other recreation and leisure facilities. There are a variety of fees for arenas. The rates for the two major uses of areas are:

- For adult activity and tournaments, the hourly rate for ice time was $117.30 September 1, 2003, increasing to $120.80 April 19, 2004, $124.40 in 2005, $128.00 in 2006 and $132.00 in 2007. The fee is intended to recover 100% of the cost.

- For youth leagues and tournaments, the hourly rate for ice time was $63.35 as of September 1, 2003, increasing to $68.80 April 19, 2004, $76.40 in 2005, $80.60 in 2006 and $85.80 in 2007. By 2007, the rate will be 65% of the adult rate.

The following table details arena revenue (budget and actual) since 2002.

Arena Revenue ($000's)	2002	2003	2004	2005	2006
Budget	1,019.0	1,235.3	1,262.5	1,225.4	1,200.9
Actual	1,102.7	1,135.7	1,195.2	1,141.0	1,342.2
Variance	83.7	(99.6)	(67.3)	(84.4)	141.3

Golf Course Revenue

The 2007 budget for golf course revenue is $2,473,600, $116,600 more than the 2006 budget.

In 2007, the City of Regina entered into a three year agreement with Western Golf Management Ltd. for the operation of the Joanne Goulet and Lakeview Golf Courses (2007 – 2009). The agreement includes a fixed base fee payable to the City for each year of the contract with a 40% City, 60% Western Golf Management split on green fees revenue.

The agreement for the Murray and Tor Hill Golf Courses is for a 20 year term (2002 – 2021). The agreement provides for a sharing of green fee revenues (50% to the City and 50% to Western Golf Management) along with a certain level of base fees paid to the City by Western Golf Management. The base fees increase each year based on increases in the green fee rates.

The following table details golf course revenue (budget and actual) since 2002.

Golf Course Revenue ($000's)	2002	2003	2004	2005	2006
Budget	2,230.0	2,474.4	2,417.7	2,427.5	2,357.0
Actual	2,048.9	2,358.6	2,214.9	2,108.5	2,510.1
Variance	(181.1)	(115.8)	(202.8)	(319.0)	153.1

Cemetery Revenue

The 2007 budget for cemetery revenue is $852,900, a decrease of $11,400 from the 2006 budget. City Council (Report CR06-175) approved the 2007 Cemeteries Fee Schedule. The schedule included a rate increase for 2007. The decrease in revenue is a result of a lower rate of return anticipated on investment income from the Perpetual Care Trust Fund.

The following table details cemetery revenue (budget and actual) since 2002.

Cemetery Revenue ($000's)	2002	2003	2004	2005	2006
Budget	780.5	806.3	849.1	946.6	864.3
Actual	897.8	847.4	923.5	866.7	868.5
Variance	117.3	41.1	74.4	(79.9)	4.2

Building Permit Fees

The 2007 budget for building permit fees is $900,000, the same as in 2006. The fees are established in Building Bylaw 2003-7. In 2003 City Council (Report CR03-249) considered a report that reviewed the building permit fees. The fee schedule was not changed, but the formula for calculating the value for the purpose of determining the permit cost was revised. Building permit fees are by policy based on a 75% cost recovery over a five-year period. There is a schedule of fees for building projects with a value of up to $100,000 ($100 fee for $10,000 value up to a $500 fee for $100,000 value), with the fee increasing by $5.00 per $1,000 in value above $100,000.

The following table details building permit fee revenue (budget and actual) since 2002.

Building Permit Revenue ($000's)	2002	2003	2004	2005	2006
Budget	751.0	800.0	900.0	900.0	900.0
Actual	795.5	1,179.7	1,188.1	1,290.4	1,476.6
Variance	44.5	379.7	288.1	390.4	576.6

Transit Fees and Charges

Revenue Source ($000's)	2006 Budget	2006 Actual	**2007 Budget**	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Public Transit					
Cash Fares	1,644.7	1,641.6	**1,644.7**	-	-
Ticket Sales	849.6	803.4	**810.6**	(39.0)	(4.6)
Pass Sales	1,809.1	1,959.0	**1,964.0**	154.9	8.6
Senior Citizens Pass Sales	212.3	227.1	**212.3**	-	-
Advertising	317.9	319.5	**317.9**	-	-
Other Revenue	210.8	217.0	**210.8**	-	-
Paratransit					
Cash, Ticket and Pass Sales	291.2	353.0	**348.9**	57.7	19.8
Other Revenue	165.0	127.7	**125.0**	(40.0)	(24.2)
Total	5,500.6	5,648.3	**5,634.2**	133.6	2.4

The 2007 budget for Transit revenues is $5,634,200, an increase of $133,600 as compared to the 2006 budget. There is a grant from the Province of $300,000 for the discounted pass program. The grant is shown in the Government Grants section. The following table details revenues (budget and actual) since 2002.

Transit Revenues and Fares ($000's)	2003	2004	2005	2006	2007
Public Transit Revenue:					
Budget	5,250.4	5,374.7	5,147.0	5,044.4	5,160.3
Actual	5,279.0	5,198.1	4,544.5	5,167.6	n/a
Variance	28.6	(176.6)	(602.5)	123.2	n/a
Public Transit Rates (Effective July 1):					
Cash Fares:					
Adult	1.75	1.90	2.00	2.10	2.10
Youth	1.30	1.40	1.50	1.60	1.60
Tickets (10 tickets):					
Adult	16.00	16.00	16.50	17.00	17.00
Youth	11.50	11.50	12.00	12.50	12.50
Bus Pass:					
Adult (monthly)	52.50	52.50	54.00	57.00	57.00
Post Secondary (monthly)	45.50	45.50	47.00	48.00	48.00
Youth (monthly)	39.00	39.00	40.00	42.00	42.00
Senior (semi-annual)	85.00	85.00	88.00	93.00	93.00
Senior (annual)	170.00	170.00	176.00	185.00	185.00
Discounted Pass (monthly)	15.00	15.00	15.00	15.00	15.00
Paratransit Revenue:					
Budget	379.4	409.8	432.3	456.2	473.9
Actual	386.8	422.0	445.8	480.7	n/a
Variance	7.4	12.2	13.5	24.5	n/a
Paratransit Rates (Effective July 1):					
Cash Fares	1.75	1.90	2.00	2.10	2.10
Tickets (10 Tickets)	n/a	19.00	20.00	21.00	21.00
Monthly Pass (40 uses)	n/a	76.00	80.00	84.00	84.00

The revenue projection for public transit revenues is based on a fare strategy for 2004 to 2006 that includes a goal to increase ridership by deep discounting tickets and passes. The components of the fare strategy include:

- The ticket price for adults reflects a 30-cent per ticket discount in 2004, a 35-cent discount in 2005, and a 40-cent discount in 2006.
- For youth tickets, the discount would be 25 cents per ticket in 2004, 30 cents in 2005, and 35 cents in 2006.
- An adult pass is equivalent to 27 times the adult cash fare for 2005 and 2006.
- The post secondary pass is 23.5 times the adult cash fare in 2005 and 23 times in 2006.
- The youth pass is 27 times the youth cash fare in 2005 and 2006.
- The senior annual pass is the equivalent to 3.25 the monthly adult pass.
- The daily or weekend family pass is the equivalent of three times the adult cash fare.

Police Fees and Charges

Revenues for the Regina Police Services are projected to increase $832,300. The revenues are based on the 2006 budget of the Board of Police Comission as submitted to City Council. The revenues include transfers from the Federal and Provincial Governments.

Revenue Source ($000's)	2006 Budget	2006 Actual	2007 Budget	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Provincial Programs					
9-1-1 PSAP	720.0	728.8	**730.0**	10.0	1.4
Victim Services	88.7	92.0	**88.7**	-	-
Aboriginal Resource Officers	83.0	86.2	**83.0**	-	-
SHOCAP	437.5	474.5	**450.0**	12.5	2.9
Organized Crime	375.0	362.8	**375.0**	-	-
Enhanced Community Policing	1,146.0	1,121.2	**1,440.0**	294.0	25.7
Missing Person Task Force	90.0	90.0	**90.0**	-	-
Fraud Investigator - Social Services	70.0	76.0	**76.0**	6.0	8.6
Child Sexual Exploitation	-	-	**155.0**	155.0	-
SGI Enforcement Overdrive	67.0	66.4	**67.0**	-	-
	3,077.2	3,097.9	**3,554.7**	477.5	15.5
Federal Programs					
Proceeds of Crime	80.0	80.0	**80.0**	-	-
RIIU Casual Monitor	32.2	32.2	**32.2**	-	-
United Nations Mission	-	-	**147.5**	147.5	-
Corrections Liason Officer	70.0	-	**90.5**	20.5	-
Drug Recognition Expert Program	-	-	**100.0**	100.0	
	182.2	112.2	**450.2**	268.0	147.1
Other Revenue					
Radio Shop	357.6	521.3	**346.6**	(11.0)	(3.1)
Miscellaneous Revenue	215.0	1,190.2	**296.0**	81.0	37.7
Contributions	24.0	40.8	**40.8**	16.8	70.0
Cost Recoveries	5.0	3.6	**5.0**	-	-
	601.6	1,755.9	**688.4**	86.8	14.4
Total	3,861.0	4,966.0	**4,693.3**	832.3	21.6

Provincial Programs

- **9-1-1 PSAP** – This revenue is related to the provincial 9-1-1 system. The Regina Police Service is one of the three Public Safety Answering Points (PSAP) for Saskatchewan. The Regina regional PSAP was live in February 2003.

- **Victim Services** – This program is funded by the Saskatchewan Provincial Government, Department of Justice and funds two civilian employees to provide basic services to victims of crime and traumatic events including information, support, referral, accompaniment and advocacy.

- **Aboriginal Resources Program** – This program is funded by the Saskatchewan Provincial Government, Department of Justice and funds two civilian employees to provide basic services to aboriginal victims of crime and their families including information, support and referral. The program also reflects community interest/concerns as a focus for advocacy within the justice system on behalf of aboriginal victims of crime.

- **SHOCAP** – Serious and Habitual Offender Comprehensive Action Plan Program. This program is funded by the Saskatchewan Provincial Government, Department of Justice and funds three police officers and one support staff to provide a strategy that integrates the resources of police, prosecutions, social services, corrections and other agencies to respond in an effective manner to serious and habitual offenders.

- **Organized Crime** – This program is funded by the Saskatchewan Provincial Government, Department of Justice. The program funds four officers and one support staff to provide a strategy for the resources of the Regina Police Service Serious Crime Task Force to conduct comprehensive investigations of individuals involved in or suspected of engaging in organized criminal activities.

- **Enhanced Community Policing** – This program is funded by the Saskatchewan Provincial Government, Department of Justice and currently funds ten officers.

- **Provincial Family Violence** – This program is funded by the Saskatchewan Provincial Government, Department of Justice and funds one officer to assist in providing province-wide training on family violence for law enforcement and other justice personnel and expertise on other justice initiatives related to family violence.

- **Fraud Investigator** – This program is funded by the Saskatchewan Provincial Government, Department of Social Services and funds one officer to investigate fraud.

- **SGI Enforcement Overdrive** – This program is funded by SGI and funds the cost to conduct road side check points to reduce the incidence of impaired driving and make the streets of Regina safer.

Federal Programs

- **Proceeds of Crime** – This program is funded by the Government of Canada and funds one officer to participate in a multi-oganizational until called the Integrated Proceeds of Crime Section (IPOC).

- **RUUI Casual Monitor** – This program is funded by the RCMP and supports one-half time casual to provide clerical duties related to Automated Criminal Intelligence Information System (ACIIS).

Other Police Revenues

- **Miscellaneous Revenue** – This revenue includes pre-employment criminal record checks, letters of conduct and other general revenue.

- **Radio Shop** – This revenue is cost recovery and corresponds with the Radio Shop Operating Expenditure Budget. Revenues are received through charges for services related to the City of Regina joint trunked radio station.

- **School Resource Vehicle Lease** – This revenue is cost recovery and is received for lease payments for school resource vehicles.

- **Sigma Testing Cost Recovery** – This funding is cost recovery and is the actual cost of administering the Sigma testing that is charged to all police and communications officers applicants.

Other Fees and Charges

Revenue Source ($000's)	2006 Budget	2006 Actual	**2007 Budget**	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Council and Committees					
Board of Revision Fees	10.0	47.8	**10.0**	-	-
Development Appeals Fees	3.5	2.4	**3.0**	(0.5)	(14.3)
Other Revenue	0.8	0.8	**0.8**	-	-
	14.3	51.0	**13.8**	(0.5)	(3.5)
Corporate Services Department					
Auction and Salvage	166.0	165.6	**166.0**	-	-
Employee Parking	120.0	114.3	**120.0**	-	-
Facility Operating Agreements	20.0	23.1	**24.0**	4.0	20.0
Facility Charges - Sunset Library	65.1	68.1	**71.6**	6.5	10.0
Other Revenue	9.0	738.6	**11.3**	2.3	25.6
Communication Fees and Charges	16.0	12.5	**16.0**	-	-
Election Cost Recovery	155.5	151.8	-	(155.5)	-
	551.6	1,274.0	**408.9**	(142.7)	(25.9)
Finance Department					
Assessment and Taxation Fees	170.0	164.7	**170.0**	-	-
False Alarm Fees	40.0	65.7	**40.0**	-	-
Convention Parking Permits	5.5	6.4	**5.0**	(0.5)	(9.1)
NSF Cheque Fees	13.6	14.1	**13.6**	-	-
Other Revenue	20.0	117.8	**70.0**	50.0	-
	249.1	368.7	**298.6**	49.5	19.9
Fire Department					
Fire Suppression Fees	170.0	204.4	**170.0**	-	-
Other Revenue	5.0	16.2	**5.0**	-	-
	175.0	220.6	**175.0**	-	-
Legal Department					
Other Revenue	-	3.8	-	-	-
Allocated Internal Cost	-	100.0	-	-	-
	-	103.8	-	-	-
Saskatchewan Lotteries Grant	385.0	385.0	**385.0**		-
Total	1,375.0	2,403.1	1,281.3	(93.7)	(6.8)

Board of Revision Fees

The Board hears appeals and makes decisions with respect to local improvements and property assessment appeals in accordance with *The Local Improvements Act, 1993* and *The Cities Act*. There are nine citizen members on the Board. The fees established by City Council in Bylaw 2003-69, pursuant to the authority in Section 196 of *The Cities Act*, are:

- $30.00 for each single family residential property.
- $30.00 per condominium unit.

- For all other properties, $150.00 for properties with a fair value assessment of up to $499,999. For properties with a fair value assessment of $500,000 to $1,000,000, the fee is $500.00 and for properties with a fair value assessment over 1,000,000, the fee is $750.00.

Fees are refundable if the appeal is successful. There are typically a substantial number of appeals in a reassessment year, with fewer appeals in the years following a reassessment.

Development Appeals Fees

The Development Appeals Board hears and considers appeals to zoning regulations. It carries the duties and powers as set forth in Bylaw 9250 and section 92 of *The Planning and Development Act, 1983*. There are five citizen members on the Board. The appeal fee is $50.00.

Assessment and Taxation Fees

The revenue for assessment and tax fees is $170,000 in total. The estimated revenue from tax certificates is $100,000. The fee for a tax certificate is $25. Fees paid by mortgage companies for taxation services are estimated at $50,000. A variety of other miscellaneous fees account for the balance of the assessment and taxation fee revenue. Fees are established in Schedule B of Bylaw 2003-69.

False Alarm Fees

Based on a recommendation from The Board of Police Commissioners, City Council passed Bylaw 2004-24, providing for false alarm fees of $75 for the third and fourth false alarm within a one year period. The Police Department administers the alarm bylaw, but the fees are billed through the Finance Department.

Fire Suppression Service Fees

The majority of the Fire Department revenue is for fees pursuant to service agreements with the Rural Municipality of Sherwood and the Rural Municipality of Lumsden. The fees have two components:

- **Retainer Fee** – For each of the servicing agreements there is an annual retainer fee paid by the Rural Municipality. The base fee was established when the initial agreements were negotiated, with the fee increased each year by the greater of the percentage increase in the Consumer Price Index for the prior year, and the percentage increase in the operating budget for the Fire Department. The following table has information on the projected retainer fee for 2006 along with the fees in prior years.

Fire Service Agreements Retainer Fee	2003	2004	2005	2006	2007
Rural Municipality of Sherwood	58,021	63,237	65,639	69,617	74,950
Rural Municipality of Lumsden	7,796	8,497	8,820	9,350	10,071

- **Service Call Fee** – In addition to the retainer fee, there is a charge per incident billed to the rural municipality. Revenues vary based on the number of service calls, the resources required, and the length of time for a call. The estimated revenue from service call fees in 2007 is approximately $60,000.

Other Fire suppression service fees are received from Saskatchewan Government Insurance for motor vehicle accidents and fires (2007 estimate of $19,000), and payments from the Municipal Rescue Services Fund administered by SUMA (2007 estimate of $10,000). The purpose of the Municipal Rescue Services Fund is to more fully compensate municipal fire and rescue units for performing emergency services at vehicle accidents outside of their jurisdiction.

Other Revenues

Operating Revenue Summary ($000's)

Revenue Source	2006 Budget	2006 Actual	2007 Budget	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Electrical Distribution	22,730.0	23,904.4	**24,010.0**	1,280.0	5.6
Gas Distribution	9,395.0	8,709.7	**9,667.5**	272.5	2.9
Interest	4,050.0	4,786.1	**4,466.4**	416.4	10.3
Tax Penalties	1,265.0	965.5	**1,265.0**	-	-
Interfund Transfers					
Utility Surplus Transfer	4,672.0	4,672.0	**4,852.2**	180.2	3.9
Utility Administration	2,716.1	2,716.1	**2,836.2**	120.1	4.4
Pension and Benefits Administration	242.3	277.7	**242.3**	-	-
Buffalo Pound Water Admin. Board	24.0	24.0	**24.0**	-	-
Transfer from Reserve					
General Fund Reserve	2,272.6	327.2	**90.0**	(2,182.6)	(96.0)
Cemetery Reserve					
Social Development Reserve	-	-	**152.8**	152.8	-
Grants Reserve	-	23.5	-	-	-
Winter Road Maintenance	-	-	-	-	-
Total	47,367.0	46,406.2	**47,606.4**	239.4	0.5

Electrical Distribution Revenue

The City receives from SaskPower a 10% municipal surcharge that is added to a customer's bill, and 5% of the SaskPower revenues within the city limits (called a payment in lieu of taxes).

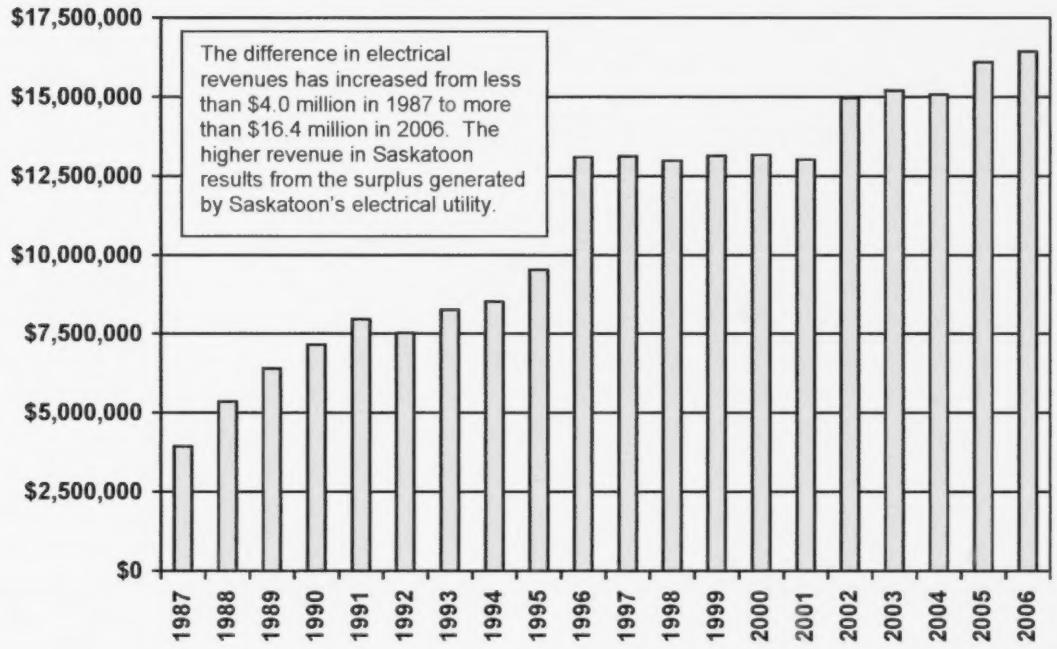
The projected revenue for 2007 is $24,010,000, an increase of $1,280,000 or 5.6% over the 2006 budget. The 2007 revenue budget is based on a three-year average of the revenue received from SaskPower, after adjusting for rate changes over the three-year period.

The following table details the electrical revenue (budget and actual) since 2002.

Electrical Revenue ($000's)	2002	2003	2004	2005	2006
Budget	18,900.0	19,900.0	20,800.0	21,440.0	22,730.0
Actual	19,986.9	20,745.5	20,760.3	22,123.1	23,904.4
Variance	1,086.9	845.5	(39.7)	683.1	1,174.4

Electrical revenue is the major difference in the revenue available to Regina and Saskatoon. The next graph highlights the **difference** in electrical revenues in the two cities since 1987.

Difference in Electrical Revenues – Regina and Saskatoon



Natural Gas Distribution Revenue

The City receives revenues from SaskEnergy and its subsidiary TransGas on the consumption of natural gas. For SaskEnergy, there is a 5% surcharge (payment in lieu of taxes) that is added to a customer's bill. For customers who do not purchase natural gas from SaskEnergy, but purchase from another supplier, TransGas delivers the natural gas and bills for the transportation cost. TransGas also collects a 5% payment in lieu of tax that is paid to the City. The amount is calculated on the costs of transportation, plus a deemed cost of gas calculated in accordance with regulations. In calculating the deemed cost of gas, the average cost of gas price as determined by Saskatchewan Industry and Resources is used.

The TransGas payments with respect to the consumption by Consumers' Co-operative Refineries Limited (CCRL) and Newgrade Energy Inc. (NEI) are subject to an agreement dated October 3, 2000. The agreement was linked to the expansion of the refinery. Prior to the agreement taking effect, the payments from CCRL and NEI for direct purchases of natural gas was calculated on the total amount of natural gas purchased. The companies use natural gas for fuel (fuel stock) and in the production process (feedstock). The agreement provided that once the expansion was operational, natural gas used as feedstock would be eliminated from the calculation of the amount paid to the City, subject to a base amount. The payment to the City will be the greater of an average annual amount of $1,162,050 or the amount due on natural gas used as fuel.

The projected revenue for 2007 is $9,667,500, an increase of $272,500 or 2.9% over the 2006 budget. Assumptions used to generate the 2007 revenue budget are:

- The projected revenue from SaskEnergy is based on a three-year average, with the revenues over the three years adjusted for rate changes.

- The TransGas payment with respect to the consumption of natural gas by Consumers' Co-operative Refineries Limited and Newgrade Energy Inc. is based on the terms of the agreement, projected natural gas volumes provided by the two companies, and the average deemed cost of gas. Changes in the volume of fuel stock and/or the deemed cost of gas will affect the actual revenue received, subject to the base amount in the agreement.

The following table details the gas revenue (budget and actual) since 2002.

Gas Revenue ($000's)	2002	2003	2004	2005	2006
Budget	6,500.0	7,850.0	8,600.0	8,980.0	9,395.0
Actual	7,878.2	9,612.6	8,837.8	9,431.0	8,709.7
Variance	1,378.2	1,762.6	237.8	451.0	(685.3)

There have been substantial variances between the revenue budget and actual revenue. The variances are for the most part related to the payments for direct purchase customers. Variability in consumption and the deemed cost of gas are the major factors.

The following table details the deemed cost of gas since 2002 used in the calculation of the payments in lieu of taxes for direct purchase customers. In addition to the deemed cost of gas, there is an amount added to the deemed cost pursuant to regulations. The amount for 2006 was 13.0 cents per GJ.

Deemed Cost of Gas ($ per GJ)	2002	2003	2004	2005	2006
January	3.181	5.155	5.340	6.558	10.853
February	3.324	6.094	6.156	6.062	9.658
March	2.798	6.946	6.061	5.965	7.340
April	3.110	8.544	5.577	6.331	6.340
May	3.850	6.204	5.787	6.954	6.092
June	3.901	6.133	6.230	6.768	5.704
July	3.573	6.197	6.795	6.451	5.356
August	3.014	5.751	6.231	6.684	5.413
September	2.660	5.343	6.075	7.544	5.778
October	3.372	5.408	5.197	9.470	5.108
November	3.973	4.893	5.338	11.025	4.782
December	4.850	4.732	6.634	10.379	6.747

Interest

Interest earnings are a combination of earnings on short-term investments in a money market fund, and revenue from funds held in a long-term bond fund. The projected interest revenue is subject to change due to changes in cash balances and/or interest rates. **The 2007 budget for interest earnings is $4,466,400, an increase of $416,400 from the 2006 budget**, reflecting higher cash balances due to the Federal and Provincial governments advancing infrastructure funding in advance of expenditures.

The following table details the interest revenue (budget and actual) since 2002.

Interest Revenue ($000's)	2002	2003	2004	2005	2006
Budget	2,925.0	3,750.0	3,364.8	3,850.0	4,050.0
Actual	5,728.6	5,594.7	4,198.9	4,756.6	4,786.1
Variance	2,803.6	1,844.7	834.1	906.6	736.1

Tax Penalties

Tax penalties are applicable to current taxes that are not paid by June 30 each year and tax arrears. The exception for current taxes is where a property owner is paying taxes through the TIPPS program. The penalty rate for current taxes is 1.25% per month, with a rate of 1.5% per month for tax arrears.

The 2007 budget for tax penalties is $1,265,000, no change compared to 2006 budget. Penalties for current taxes have decreased in recent years as more customers (both residential and non-residential) make use of the monthly tax payment program (TIPPS) and as tax arrears decline. The following table details the tax penalty revenue (budget and actual) since 2000.

Tax Penalty Revenue ($000's)	2002	2003	2004	2005	2006
Budget	1,577.0	1,469.0	1,450.0	1,575.0	1,265.0
Actual	1,445.0	1,481.9	1,349.2	1,135.3	965.5
Variance	(132.0)	12.9	(100.8)	(439.7)	(299.5)

Water and Sewer Utility Transfers

Transfers from the Water and Sewer Utility include:

- A Utility Surplus Transfer.
- A Utility Administration Charge.

The **Utility Surplus Transfer** is calculated based on 7.5% of the budget for billed utility revenues for the prior year. Starting in 2004, the transfer includes the benefit to the Utility (estimated to be $675,000) of the additional GST rebate. The rate used to calculate the Utility Surplus Transfer in 1990 was 2.5%. The rate was revised to 7.5% starting in 1991.

The **Utility Administration Charge** is calculated as 5% of the budgeted utility expenditures for the prior year. Most corporate functions (City Council, Committees, City Manager, Human Resources, City Solicitor's Office, City Clerk's Office, Accounting, Budgeting, and Acquisitions) are involved in issues or activity related to the Water and Sewer Utility. The percentage transfer is used in lieu of a more detailed cost allocation process. A more detailed process would still involve arbitrary decisions, and would significantly increase the effort and hence cost required as compared to the current policy. The amount of the charge is intended to be an approximate measure of the extent that these corporate costs are attributable to the utility.

In the past, the Utility Surplus Transfer also included an amount equal to the benefit received by the Water and Sewer Utility through the Canada Saskatchewan Infrastructure Program (CSIP). The transfer was $1.9 million in 2001, and $2.5 million from 2002 through 2004. There was a transfer of $2.5 million for 2005, the last year of the CSIP program. For 2006 the transfer will be directly from the utility to the General Capital

Fund, rather than through the General Operating Budget. As a result of the change in the accounting for the transfer in 2005, the 2004 budget and actual amounts have been restated.

For 2007, the utility transfers are $7,688,400, an increase of $300,300 over the transfers in 2006. The next table provides details on the utility transfers since 2002.

Water & Sewer Utility Transfers ($000's)	2002	2003	2004	2005	2006
Utility Surplus Transfer:					
Base Utility Transfer	3,264.7	3,426.5	3,622.2	3,828.5	3,996.6
GST Rebate Transfer	-	-	675.4	675.4	675.4
Total Utility Surplus Transfer	3,264.7	3,426.5	4,297.6	4,503.9	4,672.0
Utility Administration Charge Transfer	5,728.6	5,594.7	2,465.4	2,599.6	2,716.1
Total Transfers	8,993.3	9,021.2	6,763.0	7,103.5	7,388.1

Transfers From Reserves

The General Fund Reserve is the primary general-purpose reserve maintained by the City. The major sources of transfers to the reserve are the operating surplus, the net revenue of the Real Estate operations (primarily revenue from the sale of land), and unexpended capital funds that are returned to the reserve. The following table provides a projection for the General Fund Reserve.

	General Fund Reserve ($000's)					
	2006	2007	2008	2009	2010	2011
Reserve Balance - Start of Year	**10,380**	**19,216**	**16,726**	**12,956**	**12,618**	**10,952**
Projected Contributions						
Property Sales	3,689	400	400	400	400	400
Operating Surplus	2,797	-	-	-	-	-
Other	1,019	-	-	-	-	-
Transfers from Capital	2,061	-	-	-	-	-
Uses of Reserve Funds:						
General Operating Budget	-	-	-	-	-	-
Civic Election	-	-	-	-	(150)	-
Canadian Country Music Awards	-	(70)				
Government House	-	(20)	(20)	(20)	-	-
General Capital Program	(300)	(650)	(650)	-	-	-
Land Development	(430)	(2,150)	(3,500)	(718)	(1,916)	(1,300)
Reserve Balance - End of Year	**19,216**	**16,726**	**12,956**	**12,618**	**10,952**	**10,052**

The General Fund Reserve was almost $20.0 million by the end of 2002. **The reserve has been significantly reduced since 2002, but had an unaudited balance of about $19.2 million at the end of 2006 as a result of the 2006 surplus of $2.8 million, strong sales of industrial land, and some unexpended capital funds returned to the reserve.**

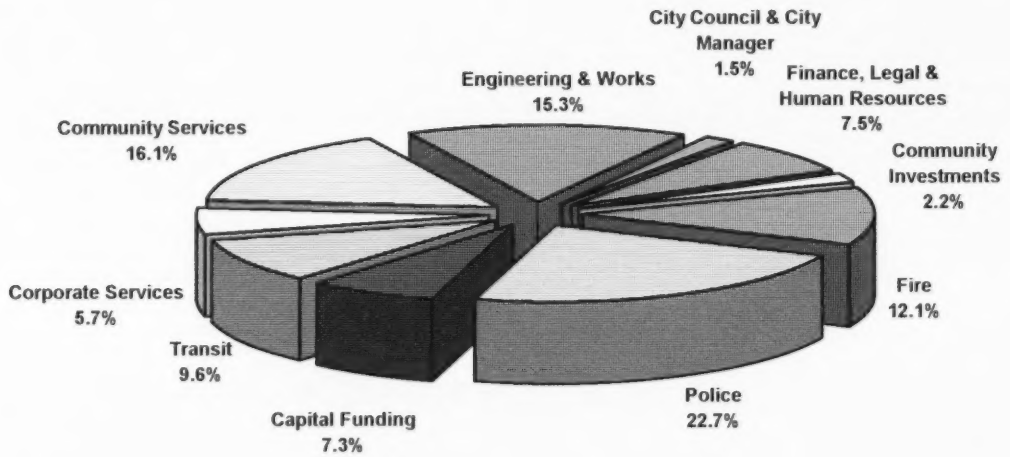
The transfer from the General Fund Reserve to the operating budget is $90,000 for 2007. The transfer in 200 includes $20,000 for the 2007 portion of multi-year funding for Government House which will continue until 2010, $70,000 for hosting the Canadian Country Music Awards, both previously approved by Council.

General Operating Expenditures

Operating Expenditure Summary ($000's)

Expenditures	2006 Budget	2006 Actual	**2007 Budget**	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
City Council and Committees	1,133.3	1,056.5	**1,370.4**	237.1	20.9
Community Investments	4,630.0	4,705.7	**4,705.0**	75.0	1.6
Capital Funding	16,415.4	16,415.4	**18,518.0**	2,102.6	12.8
City Manager's Department	1,033.5	1,230.6	**2,002.1**	968.6	93.7
Human Resources Department	2,179.1	2,326.9	**2,486.2**	307.1	14.1
Legal Department	2,479.7	2,355.0	**2,525.3**	45.6	1.8
Finance Department	11,375.0	10,665.9	**11,355.1**	(19.9)	(0.2)
Corporate Services Department	12,551.5	12,242.9	**12,382.0**	(169.5)	(1.4)
Fire Department	26,494.8	26,600.8	**26,377.6**	(117.2)	(0.4)
Community Services Department	34,113.1	33,716.1	**35,127.3**	1,014.2	3.0
Transit Department	20,051.1	20,016.5	**20,851.9**	800.8	4.0
Engineering and Works Department	31,268.8	31,286.6	**33,660.0**	2,391.2	7.6
Subtotal	163,725.3	162,618.9	**171,360.9**	7,635.6	4.7
Police Department	47,858.6	48,924.4	**49,503.4**	1,644.8	3.4
Total General Operating	211,583.9	211,543.3	**220,864.3**	9,280.4	4.4

2007 Operating Expenditures



Why Have Expenditures Increased?

The increase in expenditures for 2007 is about $9.3 million, or an increase of 4.4%. Details of the increase are provided in the next table and the discussion that follows.

Summary of Expenditure Increases – 2006 to 2007

	Amount of Increase		Per Cent Increase
Salaries and Benefits:			
Fire	(913,100)		
Corporate Services	149,200		
Engineering and Works	201,200		
Community Services	97,000		
Other Departments	183,100		
Estimated Salary Increases for 2007	3,518,900		
Subtotal		**$ 3,236,300**	
Capital Funding:			
Contributions to Capital - Civic	2,700,000		
Contributions to Capital - Police	(553,000)		
Debt Costs	(44,400)		
Subtotal		**2,102,600**	
Specials and Additions:			
2007 Specials and Additions	5,215,800		
Delete 2006 Specials	(2,152,000)		
Subtotal		**3,063,800**	
Less Reallocations:			
Specific Items	(1,204,800)		
General 1% of Department	(1,210,200)		
Subtotal		**(2,415,000)**	
Other Expenditure Changes:			
Electricity	414,500		
Contracted Services	239,400		
Allocated Asphalt Costs	203,400		
Allocated Pooled Equipment	169,300		
Fuel and Gas	146,600		
Allocated Facilities Trades Costs	143,900		
Janitorial Supplies	98,700		
Paratransit Services	67,700		
Claims	64,000		
Transfer to Landfill	62,700		
Irrigation Supplies	46,400		
Allocated Radio Costs	35,400		
Allocated Fuel and Lube Costs	34,800		
Education and Training	34,000		
Medical Services	29,800		
Telephones	29,500		
Gravel and Sand	25,500		
Receptions and Meetings	22,800		
Conference and Seminars	12,700		
Consulting Services	(11,700)		
Other Purchased Services	(17,100)		
Data Process Services	(18,000)		
Insurance Costs	(37,600)		
Computer Leases and Output Devices	(37,900)		
Software Maintenance Charges	(72,000)		
PST Adjustment Reduction from 7% to 5%	(285,200)		
Other Cost Changes	246,300		
		1,647,900	
Total Civic Budget Increase		**7,635,600**	**4.7%**
Police Budget Increase:		**1,644,800**	**3.4%**
Total Increase - 2006 to 2007		**9,280,400**	**4.4%**

In developing the budget, increases in expenditures must be substantiated. **There is no general inflationary increase applied to expenditures.**

Salary and Benefits

The increase in the civic portion of the budget for salaries and benefits of about $3.2 million resulted from:

- The collective agreements for all civic unions (CUPE Local 7, CUPE Local 21, Amalgamated Transit Union Local 588, Civic Middle Management, and The International Association of Fire Fighters Local 181) expired at the end of 2006. New agreements have been reached with CUPE Local 21 and the Amalgamated Transit Union. Estimated salary increases for all employees total $3.5 million, based on recent settlements.

- Salary and benefit costs have increased in part due to merit increases provided in collective agreements and classification changes.

These increases are partially offset by:

- Reductions as a result of staff turnover, particularly in the Fire Department, with new employees starting at the lower end of salary ranges.

- A .5% decrease in the costs of the Regina Civic Employees Pension Plan, to which most permanent employees belong, as a result of plan changes made effective January 1, 2007.

The next table provides a summary of the staff complement reflected in the General Operating Budget for 2005 and 2006 for the General Operating Budget.

The staff complement in the table does not include positions funded through other budgets, including the Water and Sewer Utility Budget, the Costing Fund Budget or the General Capital Budget.

General Operating Budget Staff Complement (FTE's)

	2006			2007			
Department	**Permanent**	**Casual**	**Total**	**Permanent**	**Casual**	**Total**	**Change**
Civic Administration							
Mayor's Office	4.0	-	**4.0**	5.0	-	**5.0**	1.0
City Manager	6.5	-	**6.5**	12.5	-	**12.5**	6.0
Human Resources	22.5	-	**22.5**	22.5	-	**22.5**	-
Legal	19.0	1.0	**20.0**	19.0	1.0	**20.0**	-
Finance	130.0	4.2	**134.2**	130.0	4.2	**134.2**	-
Transit	224.0	2.8	**226.8**	224.0	2.8	**226.8**	-
Fire	289.0	-	**289.0**	289.0	-	**289.0**	-
Community Services	194.5	167.3	**361.8**	194.5	166.8	**361.3**	(0.5)
Engineering & Works	182.8	58.6	**241.4**	198.4	59.2	**257.6**	16.2
Corporate Services	174.0	17.5	**191.5**	175.0	17.3	**192.3**	0.8
Civic Total	1,246.3	251.4	**1,497.7**	1,269.9	251.3	**1,521.2**	23.5
Police Department	487.0	18.0	**505.0**	497.5	18.0	**515.5**	10.5
Total	1,733.3	269.4	**2,002.7**	1,767.4	269.3	**2,036.7**	34.0

The changes in the staff complement for the Civic Administration include:

- In the Mayor's Office, there is one position reallocated from the Communications Division to support this office with communications.

- In the City Manager's Department there are new positions added to support quality and innovation initiatives, strategic planning and performance management, and government relations. The positions are:

  - Director of the City Manager's Office
  - Quality and Innovation Consultant
  - Two Quality and Innovation Consultant positions to be filled on a secondment basis
  - Manager of Strategic Planning and Performance Management
  - Manager of Government Relations

- In Community Services, the changes are as follows:

  - Reallocating two permanent positions from Planning and Design to Facility and Program Delivery
  - Reduce 2.2 casual positions in Facility and Program Delivery
  - Increase 1.7 casual positions in Open Space Management

- In Engineering and works, the changes are as follows:

  - The equivalent of 12 fte's to support the enhanced Winter Road Maintenance Program
  - Three permanent positions to support Asset Management
  - Funding for a Policy and Procedure Analyst to be shared between the general operating fund and the Utility (.6 – operating)
  - Funding for an Engineering Assistant to be shared between the general operating fund and the Utility Fund (.6 general operating)

- In Corporate Services, the changes are as follows:

  - A permanent position to support capital planning in the Facilities Department
  - A reduction of .2 casual positions in the Information Systems Department

- For details in changes to the Regina Police Services staff complement, see the Regina Police Services 2007 Strategic Plan and Budget.

Additions and Specials

The specials and additions for 2007 total $5,215,800. Additions refer to ongoing additions to the base budget that will also be required for future years. Specials refer to one-time requirements for the 2007 budget only. Additions include:

- $1,576,800 for enhancements to Winter Road Maintenance, as approved by City Council
- $41,200 for Infrastructure Planning, Policies and Procedures
- $744,500 for additional staffing and consulting in the City Manager's Office related to Strategic Planning and Performance Management, Quality and Innovation, and Government Relations
- $90,000 for the additional costs of the City's share of housing programs cost shared with the Federal and Provincial Governments
- $40,000 for additional relocation expenses related to staff recruitment
- $50,000 for implementation of the Annual Employee Survey, as a follow up to the one conducted in 2006
- $75,000 for additional tuition reimbursement subsidies for employee education

- $40,000 for the costs of an Aboriginal Student Program, in support of the City's Workforce Diversity Strategy
- $15,000 for contracting the services of an Emergency Social Services Director related to Emergency Preparedness
- $36,700 for staffing costs for administering Web Content on the City's internal and external web sites
- $27,200 for the costs of maintaining new open space in the City
- $40,000 for the costs to assign a dedicated Irrigation Worker to each of the three Parks Districts to service and maintain the irrigation equipment. Offsetting savings were identified within the department
- $62,000 for the increase in the City's share of the cost of the Wascana Centre Authority
- $30,000 for the increased cost of services provided for Bylaw Enforcement by Atoskata
- $5,000 for additional professional development for the Urban Planning Division
- $52,000 for extended Transit Service for the Food Bank Customers, as approved by City Council in 2006
- $33,000 for enhancements to the Fleet Services Preventative Maintenance Program
- $30,000 in additional costs for services provided by the Regina Humane Society
- $15,000 for the increase to the funding of the Civic Arts Collection
- $10,800 in costs for education and training for trustees of the City's Pension Plans

The total cost of these additions is $3,014,200.

The budget includes $85,000 related to an additional Community Investment, referred by City Council to the 2007 Budget process. Tourism Regina submitted a request for additional ongoing funding of $150,000. The budget includes funding of $85,000 to support the relocation of Tourism Regina offices to downtown.

Specials include:

- $200,000 for the Regina Facility Strategy to 2020, a study to address recreation program and facility needs in the community over the next few years
- $100,000 for the first phase of the Customer Service Strategy
- $200,000 for the Waste Minimization Strategy
- $250,000 for transition costs relating to the implementation of the new organizational structure
- $260,000 for the Branding Regina Initiative
- $100,400 for Asset Management System Implementation
- $80,000 for the Bridge Management Program
- $87,500 for the first year of the two year Shaping Regina initiative
- $91,000 for the costs related to new recruits, such as turnout gear and uniforms, required as a result of the high turnover in the Fire Department at the end of 2006
- $30,000 for the cost of medical examinations for the Fire Department staff, required on a biennial basis
- $25,000 for training and development for Roadways Staff
- $19,100 for training and development for Solid Waste Staff
- $22,000 to provide for the carry forward of Councillor's allowances budgeted but not spent in 2006
- $30,000 for the costs related to the Jinan Twinning 20th Anniversary
- $10,000 for the costs of participating in the Business Retention and Expansion International conference for 2007
- $5,000 for the cost of a governance review for the Elected Officials and Local 21 Casual Employees Pension Plan

The total cost of these specials is $1,510,000.

In addition, the budget includes amounts requested for one-time Community Investments:

- $70,000 for hosting of the Canadian Country Music Awards, as previously approved by City Council
- $20,000 as the 2007 portion of a multi-year commitment to Government House, as previously approved by City Council

The funding for both these items will be provided from the General Fund Reserve, and thus has no impact on the net 2007 budget.

Specials included in the budget that are funded entirely by external parties include:

- $5,000 for ACT Solutions for Regina
- $220,000 for the Core Sustainable Neighbourhood Feasibility Study
- $10,000 for the Solar Affordable Housing Project
- $281,600 for mosquito control, funded from the Province's West Nile Prevention program

The total cost of these items is $516,600 and corresponding revenue has been included in the 2007 budget.

The budget does not include any funding for the additional request referred by City Council to the 2007 budget deliberations in report CR07-2:

"The request from the Regina Arts Commission that the City of Regina increase the Civic Arts Fund annually by 10 percent starting in 2007 to meet the needs of the arts community until it reaches $1 million annually, be referred to the 2007 budget process;"

City Council and Committees

Overview

City Council is responsible for the governance of the City of Regina, subject to Provincial legislation. Members of City Council are elected every three years in a municipal election. The next election is Wednesday, October 28, 2009. The Mayor is elected at large. The City of Regina uses a ward system for electing Councillors, with the city divided into ten wards and one Councillor elected in each ward. City Council establishes policies and budgets for the programs and services delivered by the City of Regina. City Council and Committees includes the budgets for:

- The Mayor's Office
- City Council, including the remuneration of the Councillors, the Councillors' travel and communication allowance, support services and other costs related to City Council.
- Committees established by City Council.
- Memberships in various organizations, including the Saskatchewan Urban Municipalities Association and the Federation of Canadian Municipalities.
- Administrative Review Body established pursuant to section 362 of *The Cities Act*.

Operating Expenditure Summary ($000's)

				Change 2006 to 2007	
Expenditures	2006 Budget	2006 Actual	**2007 Budget**	Dollar Change	Per Cent Change
Mayor's Office[1]	403.4	378.4	**604.2**	200.8	49.8
City Council[1][2]	455.3	441.7	**506.2**	50.9	11.2
Committees	138.5	107.7	**123.9**	(14.6)	(10.5)
Corporate Memberships	131.1	128.6	**131.1**	-	-
Administrative Review Body	5.0	0.1	**5.0**	-	-
Total	1,133.3	1,056.5	**1,370.4**	237.1	20.9

Note:

1. *City Council adopted Bylaw 2001-108 that established, effective January 1, 2002, a formula for the remuneration of the members of City Council. The Mayor's remuneration is 77.3% of a Provincial Cabinet Minister's salary for the prior year. The remuneration for a Councillor is one-third the remuneration of the Mayor.*
2. *In 2006, actuals for City Council includes Jinan Twinning expenditure of $6,600, and 2007 budget includes $30,000.*

Staff Complement

Full Time Equivalents	**2005**	**2006**	**2007**
Permanent	4.0	4.0	5.0
Casual	-	-	-
Total	4.0	4.0	5.0

Analysis of Operating Budget Change

Operating Budget Change Details	($000's)
2006 Budget	1,133.3
1. Salaries and Benefits - Remuneration increase and related benefit costs for Mayor and Councillors as per Bylaw 2001-108. As of January 1, 2007, the Mayor's salary of $85,980 is 77.3% of Provincial Cabinet Minister's salary established in April 2006 of $111,227. A Councillor's salary of $28,660 is one-third of the Mayor's salary.	11.7
2. Salaries and Benefits - Includes cost changes resulting from merit increases, classification reviews and employer benefit costs.	2.0
3. Communications Consultant - Reallocation of funds for an existing position from the Communications Department to Mayor's office.	68.1
4. Estimated general salary increase for 2007.	13.0
5. Delete 2006 Specials.	(15.5)
6. 2007 Special - (Two Year Commitment) Shaping Regina Initiative.	87.5
7. 2007 Special - Jinan Twinning costs for 20th anniversary activities.	30.0
8. 2007 Special - Council Elected Travel Policy, reflecting a carry forward of previously unspent amounts.	22.0
9. Advertising and media related costs.	13.0
10. Reception and meetings.	20.7
11. PST Reduction.	(2.5)
12. Other cost changes.	(12.9)
2007 Budget	1,370.4

Community Investments

Overview

Community investments are payments to individuals or organizations for a variety of purposes allocated through the following Committees:

- The Parks and Community Services Committee provides financial support to community associations and organizations that provide arts, cultural, recreation, community and social services.
- The Finance and Administration Committee provides financial support for economic and promotional purposes.
- The Executive Committee provides financial support for capital purposes to the Regina Exhibition Association Limited and funding to the Economic Development Investment Fund. The amount allocated in 2006 has been provided to the Regina Regional Economic Development Authority.

While responsibility for allocations has been delegated to Committees, City Council determines the total allocation for the year, and the allocation to each Committee.

Operating Expenditure Summary ($000's)

				Change 2006 to 2007	
Expenditures	2006 Budget	2006 Actual	**2007 Budget**	Dollar Change	Per Cent Change
Parks and Community Services Committee	3,039.5	3,054.6	**3,039.5**	-	-
Finance and Administration Committee[1]	556.1	596.7	**641.1**	85.0	15.3
Executive Committee[2][3]	500.0	520.0	**490.0**	(10.0)	(2.0)
Economic Development Investment Fund	534.4	534.4	**534.4**	-	-
Total	4,630.0	4,705.7	**4,705.0**	75.0	1.6

Note:

1. *The 2007 Budget for Finance and Administration Committee includes a proposed increase of 85.0 for Tourism Regina.*
2. *The 2006 Budget and 2006 actuals for Executive Committee includes $100,000 for the 2006 Brier.*
3. *The 2007 Budget for Executive Committee includes $70,000 for the 2007 Country Music Awards and $20,000 for Government House.*

Capital Funding

Overview

The City funds a portion of the General Capital Program through contributions from the operating budget. The operating budget also funds the repayment of debt costs for debt issued to fund capital projects. In accordance with Section 129(1) of *The Cities Act*, the budget is to include "**the amount to be transferred to the capital budget**". In accordance with Section 129(1)(b) the budget is also to include "**the amount needed to pay all debt obligations with respect to borrowings of the city**".

The contributions to capital include two components:

- The contributions to capital to fund the capital budget as submitted by the Board of Police Commissioners.
- The contributions to capital to fund the civic portion of the General Capital Program, excluding the capital program for the Regina Police Service.

Operating Expenditure Summary ($000's)

				Change 2006 to 2007	
Expenditures	2006 Budget	2006 Actual	**2007 Budget**	Dollar Change	Per Cent Change
Contributions to Capital - Civic	13,000.0	13,000.0	**15,700.0**	2,700.0	20.8
Contributions to Capital - Police	1,504.0	1,504.0	**951.0**	(553.0)	(36.8)
Debt Charges	1,911.4	1,911.4	**1,867.0**	(44.4)	(2.3)
Total	16,415.4	16,415.4	**18,518.0**	2,102.6	12.8

City Manager's Department

Overview

The management of the civic administration of the City of Regina (excluding the Regina Police Service) is the responsibility of the City Manager. Appointed by the City Council, the City Manager's authority is established by the City Manager's Bylaw 2003-70 and the Regina Administration Bylaw 2003-69.

The City Manager's Department also includes the following services:

- Quality and Innovation.
- Employee and Family Assistance Program.
- Emergency Planning.

Operating Expenditure Summary ($000's)

				Change 2006 to 2007	
Expenditures	2006 Budget	2006 Actual	**2007 Budget**	Dollar Change	Per Cent Change
City Manager's Office	472.6	683.6	**1,324.7**	852.1	180.3
Quality and Innovation	212.6	211.3	**315.6**	103.0	48.4
Employee & Family Assistance Program	244.2	206.3	**257.8**	13.6	5.6
Emergency Planning	104.1	129.4	**104.0**	(0.1)	(0.1)
Total	1,033.5	1,230.6	**2,002.1**	968.6	93.7

Staff Complement

Full Time Equivalents	**2005**	**2006**	**2007**
Permanent	5.5	6.5	12.5
Casual	-	-	-
Total	5.5	6.5	12.5

Analysis of Operating Budget Change

Operating Budget Change Details	($000's)
2006 Budget	1033.5
1. Salaries and Benefits - Includes cost changes resulting from merit increases, classification reviews and employer benefits costs. 2006 Salaries and Benefits include the previous City Manager's payments for accumulated sick leave and vacation.	(62.1)
2. Estimated general salary increase for 2007.	26.5
3. Additional positions for the City Manager's Office.	374.2
4. 2007 Special - consulting services.	370.3
5. Transition funding.	250.0
6. Customer Service Strategy.	100.0
7. Reduced Employee and Family Assistance Program contracted services.	(22.1)
8. 1% Reallocations.	(19.9)
9. PST Reductions.	(3.1)
10. Other cost changes.	(45.2)
2007 Budget	2,002.1

Human Resources Department

Overview

The mandate for the Human Resources Department is currently being reviewed. Pending the final outcome of that review, the Human Resources Department is assisting all Departments with the most effective and efficient utilization of human resources and helping maximize the potential of all employees by providing services, information, coaching, counselling, advice and support related to:

- Recruitment, Selection and Employment.
- Employee Benefit Program Policy.
- Job Evaluation and Compensation.
- Labour Relations.
- Occupational Health, Safety and Disability Management.
- Training and Development.
- Human Resource Information Systems and Process.

Operating Expenditure Summary ($000's)

				Change 2006 to 2007	
Expenditures	2006 Budget	2006 Actual	**2007 Budget**	Dollar Change	Per Cent Change
Human Resources	2,179.1	2,326.9	**2,486.2**	307.1	14.1

Staff Complement

Full Time Equivalents	**2005**	**2006**	**2007**
Permanent	22.5	22.5	22.5
Casual	-	-	-
Total	22.5	22.5	22.5

Analysis of Operating Budget Change

Operating Budget Change Details	($000's)
2006 Budget	2,179.1
1. Salaries and Benefits - Includes cost changes resulting from merit increases, classification reviews and employer benefits costs.	(8.4)
2. Estimated general salary increase for 2007.	67.9
3. Relocation Expenses.	40.0
4. Tuition fees.	75.0
5. 2007 Special - Employee Survey.	50.0
6. Aboriginal Student Program.	40.0
7. Medical services.	22.0
8. Labour Relations - Reduction in services funded by Regina Police Services.	36.1
9. Specific Reallocations.	(35.6)
10. Other cost changes.	20.1
2007 Budget	2,486.2

Legal Department

Overview

The City Solicitor is directed by The Regina Administration Bylaw 2003-69 to provide legal services to the Corporation and to ensure the administration of the City is in accordance with the law in all aspects of corporate governance and corporate undertakings. The services provided by the Legal Department include:

- The Legal Services Division provides all legal services for the Corporation, including representation in legal proceedings, and some legal services to the Regina Police Service and Buffalo Pound Water Administration Board.
- The Prosecutions Division prosecutes all bylaw offences in the city, except moving traffic violations, and some provincial offences, and administers the Regina Municipal Division of Provincial Court.
- The Risk Management Division is responsible for oversight of risk management for the Corporation. This includes investigating and adjusting all claims against the City, investigating and pursuing compensation for damage to civic property, reviewing and recommending loss prevention measures and ensuring appropriate insurance coverage is in place to protect the Corporation from financial loss.

Operating Expenditure Summary ($000's)

				Change 2006 to 2007	
Expenditures	2006 Budget	2006 Actual	**2007 Budget**	Dollar Change	Per Cent Change
Legal Services	1,320.0	1,235.7	**1,409.1**	89.1	6.7
Prosecutions	147.3	139.2	**142.2**	(5.1)	(3.5)
Claims Administration	198.8	189.7	**205.8**	7.0	3.5
Insurance	813.6	790.4	**768.2**	(45.4)	(5.6)
Total	2,479.7	2,355.0	**2,525.3**	45.6	1.8

Staff Complement

Full Time Equivalents	**2005**	**2006**	**2007**
Permanent	19.0	19.0	19.0
Casual	-	1.0	1.0
Total	19.0	20.0	20.0

Analysis of Operating Budget Change

Operating Budget Change Details	($000's)
2006 Budget	2,479.7
1. Salaries and Benefits - Includes cost changes resulting from merit increases, classification reviews and employer benefit costs.	42.9
2. Estimated general salary increase for 2007.	60.6
3. 2007 Special - Articling student continued from 2006.	32.9
4. Decreased insurance costs.	(37.6)
5. Reallocations.	(24.9)
6. PST Reduction.	(2.9)
7. Other cost changes.	(25.4)
2007 Budget	2,525.3

Finance Department

Overview

The Finance Department is responsible for the financial administration of the City of Regina. The Director of Finance is the Chief Financial Officer for the City of Regina, with the authority, duties and responsibilities as set out in The Regina Administration Bylaw 2003-69. The Department includes the following Divisions:

- The Assessment Division is responsible for assessing all properties in accordance with *The Cities Act* and the assessment manual adopted by the Saskatchewan Assessment Management Agency.

- The Revenue Administration Division is responsible for assessment and property tax administration. The Division also is responsible for the administration of other corporate revenues including water, wastewater and drainage charges, licenses (business, taxi, bike, dog and cat), parking tickets, local improvements and amusement tax.

- The Financial Administration Division is responsible for corporate accounting, financial reporting, processing payrolls and accounts payable, managing disbursements and certain receivables, acquisitions and providing financial administration support to several of the major operating Departments.

- The Corporate Budget Division is responsible for co-ordinating the development of and monitoring the operating and capital budgets of the City of Regina.

- The Debt and Investment Division is responsible for providing support to and managing the work of the Pension Investment Board, managing the investment of City funds, and managing the City's debt requirements. The Pension Investment Board is contracted by the administrative boards of the various pension and benefit plans to manage the investments of those plans.

The budget for the Finance Department also includes the following:

- Animal Care and Control – The Regina Humane Society enforces dog and cat bylaws pursuant to a contract with the City. The budget also includes funding for a low cost spay and neuter program.

- Provincial Payments – The Province requires the City to pay $320,000 per year for court security, in addition to an administration fee of 25% on fines collected through the Provincial Court.

- Other Financial Charges include costs for banking services, foreign exchange, interest, credit card fees, bond rating fees, levies on City-owned property and certain benefit costs.

Operating Expenditure Summary ($000's)

Expenditures	2006 Budget	2006 Actual	**2007 Budget**	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Administration	245.6	185.2	**249.8**	4.2	1.7
Corporate Budget	223.5	192.2	**237.0**	13.5	6.0
Investment Services	327.6	290.5	**323.3**	(4.3)	(1.3)
Assessment	1,772.2	1,656.4	**1,763.8**	(8.4)	(0.5)
Reassessment	169.0	(70.3)	**211.4**	42.4	25.1
Revenue Administration	2,658.5	2,399.1	**2,643.0**	(15.5)	(0.6)
Financial Administration	4,322.4	4,283.5	**4,207.1**	(115.3)	(2.7)
	9,718.8	8,936.6	**9,635.4**	(83.4)	(0.9)
Animal Care and Control	318.6	307.5	**347.9**	29.3	9.2
Provincial Payments	950.0	959.5	**950.0**	-	-
Other Financial Charges	387.6	462.3	**421.8**	34.2	8.8
Total	11,375.0	10,665.9	**11,355.1**	(19.9)	(0.2)

Staff Complement

Full Time Equivalents	2005	2006	2007
Permanent	130.0	130.0	130.0
Casual	8.4	4.2	4.2
Total	138.4	134.2	134.2

Analysis of Operating Budget Change

Operating Budget Change Details	($000's)
2006 Budget	11,375.0
1. Salaries and Benefits - Includes cost changes resulting from merit increases, classification reviews and employer benefit costs.	(50.7)
2. Remove 2006 Specials.	(113.1)
3. Estimated general salary increase for 2007.	335.4
4. Contracted services - increase of $138,000 in contracted services to implement charges in the assessment application to support the 2009 income approach to value as required by legislation.	138.0
5. Investment Management Fees.	20.1
6. An addition for the contracted agreement with the Humane Society.	30.0
7. Specific Reallocations.	(187.4)
8. 1% Reallocations.	(95.8)
9. PST Reduction.	(9.6)
10. Other cost changes - primarily reductions in printing, photocopying, office supplies.	(86.8)
2007 Budget	11,355.1

Corporate Services Department

Overview

The Corporate Services Department is primarily focused internally to provide services to other departments within the Corporation. Many of the initiatives being undertaken have significant corporate implications. Those initiatives include fleet rationalization, facilities strategic plans, records management system, eGovernment strategy, real estate services and corporate communication. Divisions include:

- Administration – The Director is responsible for strategic direction to the seven divisions to ensure the efficient and effective operation of Corporate Services. The goals and objectives of the department are aligned with overall Corporation priorities.

- City Clerk's Office – *The Cities Act* outlines responsibilities for the City Clerk. Duties include ensuring Council is advised of its legislative responsibilities, assuring the provision of public notice, the execution of corporate documents, maintaining bylaws, minutes and other records related to the business of City Council and Committees, consolidating bylaws, custody of the Corporate seal, ascertaining that official City Council correspondence is carried out as directed and determining the sufficiency of petitions.

  The City Clerk's Office also:

  - Allocates secretarial support to Councillors,
  - Provides secretarial and procedural support to City Council and assigned Committees,
  - Coordinates the Corporate Records Management Program,
  - Operates the City of Regina Archives,
  - Conducts municipal elections; and,
  - Processes information requests under *The Local Authority Freedom of Information and Protection of Privacy Act*.

- Facilities and Energy Management – Provides the space planning, construction project management, physical plant maintenance and the day-to-day operation of City-owned facilities. The division also provides for the corporate energy management and air quality programs, the electricity and natural gas utility program, the sustainable community development program, Central Stores, Salvage and Fuel Programs and the Natural Gas Vehicle Program.

- Fleet Services – Supports the delivery of City programs and services (excluding Fire, Transit and Police) by providing fleet management, maintenance and operator training services.

- Information Systems – Coordinates the development/selection, implementation, operation and support of information technology and computerized applications used by the City. The division also provides leadership in business technology planning, identifying new technology opportunities and the integration, sharing and security of data. This area delivers corporate printing services and provides corporate mail services.

- Real Estate – Provides real estate-related services for all City operations. This includes buying and leasing properties when required for City operations, selling or leasing City-owned properties, performing land development functions, and the sale of properties taken through tax enforcement. In addition, the division provides real estate information and services to local developers, real estate agents and City residents.

- Communications – Provides corporate communications advice and support to all City Departments, the City Manager and City Council with the ultimate purpose to communicate the programs and services offered by the City of Regina to the public, as well as to the City's partners and stakeholders.

- There is a seventh division, Pension and Benefits, funded through pension and long-term disability plans.

Operating Expenditure Summary ($000's)

Expenditures	2006 Budget	2006 Actual	**2007 Budget**	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Administration	218.3	385.2	**223.8**	5.5	2.5
City Clerk's Office	1,581.8	1,557.7	**1,215.7**	(366.1)	(23.1)
Communications	1,313.0	1,366.6	**1,599.2**	286.2	21.8
Facilities and Energy Management	3,416.4	3,298.4	**3,472.3**	55.9	1.6
Information Systems	6,022.0	5,635.0	**5,871.0**	(151.0)	(2.5)
Total	12,551.5	12,242.9	**12,382.0**	(169.5)	(1.4)

Staff Complement

Full Time Equivalents	2005	2006	2007
Permanent	169.7	174.0	175.0
Casual	17.7	17.5	17.3
Total	187.4	191.5	192.3

Analysis of Operating Budget Change

Operating Budget Change Details	($000's)
2006 Budget	12,551.5
1. Salaries and Benefits - Includes cost changes resulting from merit increases, classification reviews and employer benefit costs.	149.2
2. Estimated general salary increase for 2007.	316.6
3. Delete 2006 Specials.	(574.6)
4. Electrical and natural gas costs.	18.4
5. Education and Training.	14.6
6. Telephone costs.	19.5
7. Data processing services.	(18.0)
8. Information Systems - Maintenance equipment.	10.0
9. Software maintenance.	(72.0)
10. Contracted services.	25.5

Operating Budget Change Details	($000's)
11. Allocated trade costs.	(18.8)
12. Allocated printing costs.	(10.2)
13. Allocated computer leasing costs.	(16.0)
14. Special - Branding Regina Strategy.	260.0
15. Web Content Administrator.	36.7
16. 2007 Special - Communications - Business Retention and Expansion International Sponsorship.	10.0
17. Facilities - Preventive Maintenance Program.	33.0
18. Specific Reallocations.	(202.4)
19. 1% Reallocations.	(123.2)
20. PST Reduction.	(26.1)
21. Other cost changes.	(1.7)
2007 Budget	12,382.0

Fire Department

Overview

The Fire Department actively supports a safe living and working environment for the community of Regina and surrounding areas through planning, training and education, prevention and emergency response, with the services delivered by highly skilled and motivated professionals. The Fire Department's overall strategy is aligned with City Council's long-range vision statement, with a focus on enhancing fire prevention and public education activities while continuing to deliver a high-quality emergency response program. The Department is committed to achieving ongoing service improvements.

The Fire Department's strategic plan identifies four goal areas:

- Effective communication among department personnel.
- Continuously improve and expand service.
- Develop and enhance relationships with customers, community partners and other City Departments.
- Minimize the number and severity of emergency responses.

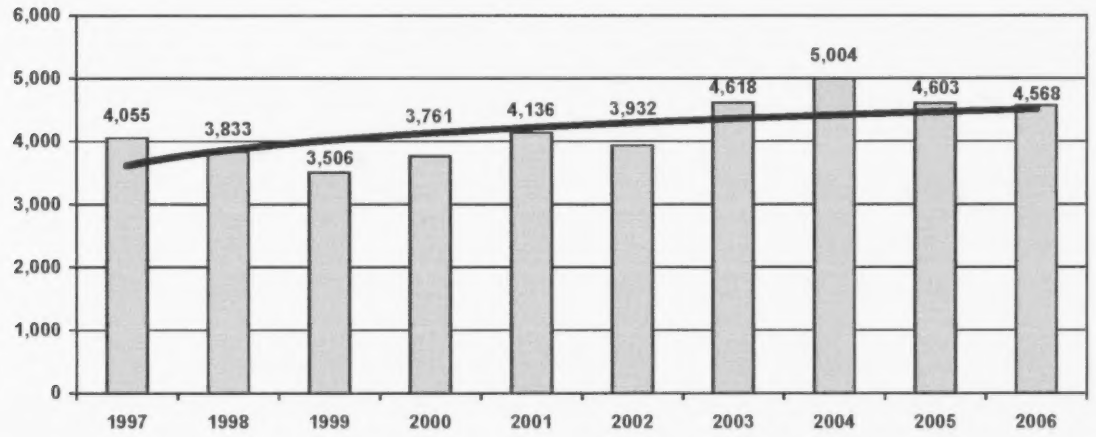
The Fire Department services an area of approximately 129 square kilometres. Emergency response services are extended beyond civic boundaries to surrounding municipalities. The Department provides fire suppression, emergency medical services, mitigation of hazardous materials or catastrophic incidents, specialized rescue services, emergency communications, training, public education, fire inspection and investigation, and code enforcement. Emergency responses are provided 24 hours a day, 7 days a week by 260 personnel on a four platoon schedule. The Regina Fire Department's diverse services are accomplished by 289 personnel with a fleet of 18 fire apparatus (13 frontline and 5 spare apparatus), specialized equipment, 17 support vehicles, 12 service vehicles and 9 fire facilities.

Total Number of Dispatches

Dispatches	2002	2003	2004	2005	2006
Fire Related	1,947	2,325	2,386	2,366	2,247
Non-Emergency Investigations	1,191	1,395	1,610	1,307	1,391
Blue Jaws (Auto Extrication)	146	166	198	178	181
EMS (Medical Assist)	564	648	748	683	678
Blue Water (Water Rescue)	7	3	6	2	2
Hazardous Material	69	75	54	62	67
Technical Rescue	8	6	2	5	2
Emergency Subtotal	3,932	4,618	5,004	4,603	4,568
Advised (monitoring)	38	9	4	-	-
Public Education	573	432	477	393	439
Training	439	452	439	275	430
Total Dispatches	**4,982**	**5,511**	**5,924**	**5,271**	**5,437**

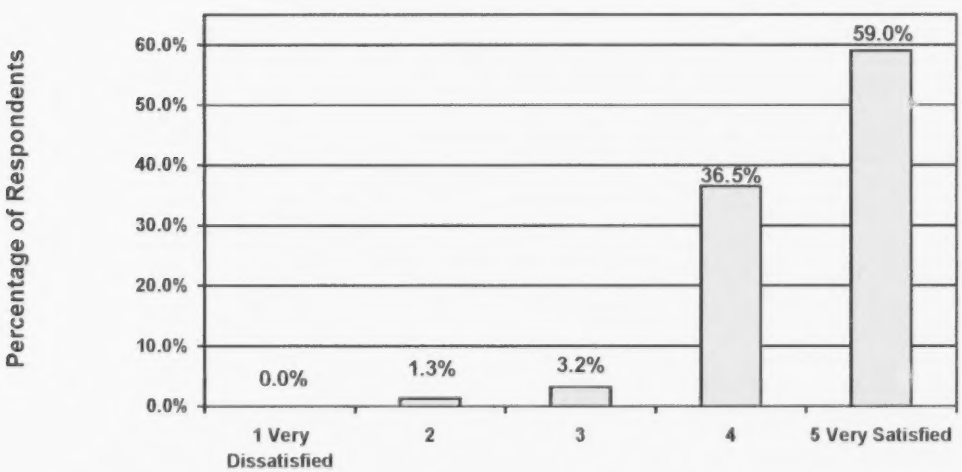
The following graph details the trend in emergency incident responses (fire suppression, rescue, hazardous materials and emergency medicine) since 1997.

Number of Emergency Incidents



The City of Regina annually conducts a public survey. The residents continue to highly value the performance of the Regina Fire Department. This was demonstrated by a 4.53 out of 5.0 rating, which is a slight increase over 2005.

Rating of Fire Services



The Department's demographics indicate an increasing number of personnel will become eligible for retirement between 2007 and 2015. The anticipated increase in staff turnover requires a growing emphasis in areas such as staff development, career pathing and succession planning. Preparing for the Department's future through training programs that include officer training, emergency medical services, hazardous materials, specialized rescue, surface and ice water, will continue to be a high priority to

ensure all personnel are trained, competent and well prepared prior to their assignments. In addition, timely recruitment processes are employed to ensure adequate staffing is available to maintain service levels.

Operating Expenditure Summary ($000's)

Expenditures	2006 Budget	2006 Actual	2007 Budget	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Suppression and Rescue	22,429.1	22,514.5	**22,274.3**	(154.8)	(0.7)
Fire Support Services	2,079.0	2,106.6	**2,176.1**	97.1	4.7
Training	540.1	660.1	**558.0**	17.9	3.3
Public Education[1]	309.1	309.6	-	(309.1)	(100.0)
Prevention and Public Education	761.4	691.0	**1,003.6**	242.2	31.8
	26,118.7	26,281.8	**26,012.0**	(106.7)	(0.4)
Facility Costs[2]	376.1	319.0	**365.6**	(10.5)	(2.8)
Total	26,494.8	26,600.8	**26,377.6**	(117.2)	(0.4)

Note:

1. *Public Education and Prevention Divisions amalgamated as Prevention and Public Education during 2006.*
2. *Facility costs are allocated from the Facilities & Energy Management Division of the Corporate Services Department.*

Staff Complement

Full Time Equivalents	2005	2006	2007
Permanent	289.0	289.0	289.0
Casual	0.5	-	-
Total	289.5	289.0	289.0

Analysis of Operating Budget Change

Operating Budget Change Details	($000's)
2006 Budget	26,494.8
1. Salaries & Benefits - Includes cost changes from classification adjustments, employer benefit costs and statutory holiday pay.	(913.1)
2. Estimates general salary increase for 2007.	930.5
3. New Recruit Costs - Uniforms and personal protective equipment.	91.0
4. Medical Costs - Biennial medical costs.	30.0
5. Emergency Services.	15.0
6. Specific Reallocations.	(20.0)
7. 1% Reallocations.	(257.2)
8. PST Reduction.	(16.6)
9. Other changes.	23.2
2007 Budget	26,377.6

Community Services Department

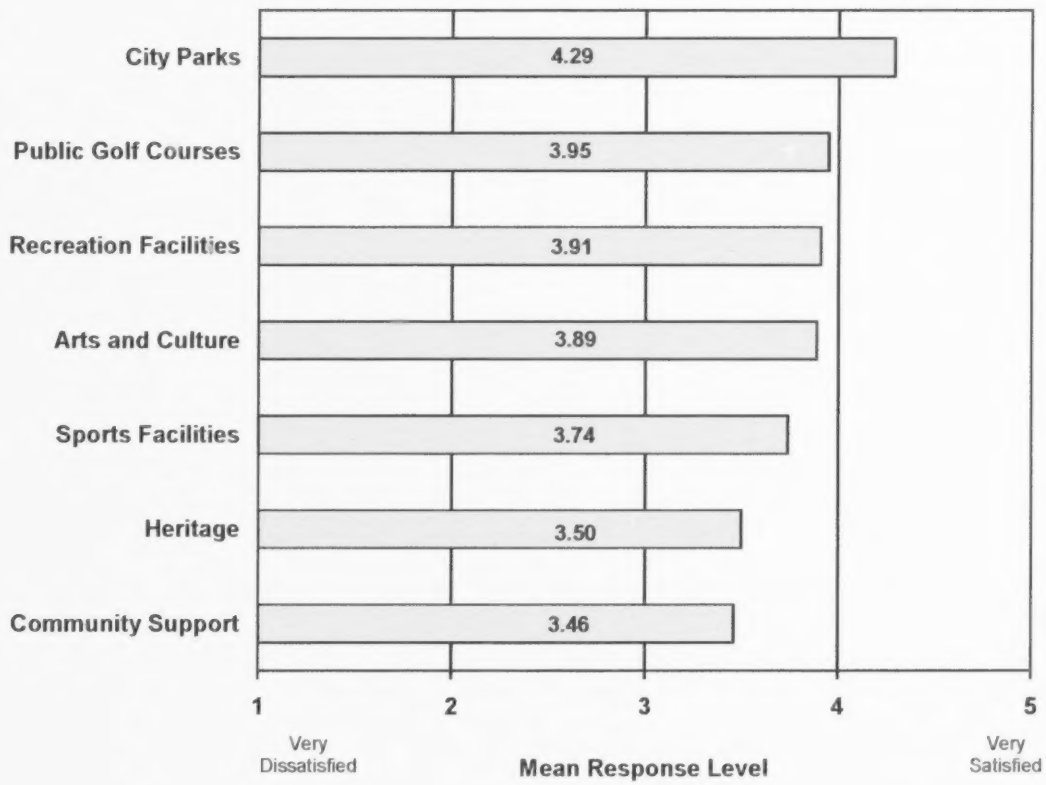
Overview

Community Services Department program and services include General Administration, Project Services and Landscape Design, Community and Leisure Services, Parks and Open Space Maintenance (including Golf Courses and Cemeteries), Bylaw Enforcement, Building Inspections and Urban Planning (including Housing).

On a regular basis, the City of Regina gathers information from citizens with respect to services provided. Respondents were asked to rate their level of satisfaction for various City services on a five-point scale.

The 2006 survey included questions about a number of services among those delivered by the Community Services Department. Among City services in a range of categories, the one that is used most by far – City Parks – is also the highest rated. All service areas identified in the survey enjoy a high level of satisfaction among residents.

Are you satisfied or dissatisfied with the following City Services?



Operating Expenditure Summary ($000's)

Expenditures	2006 Budget	2006 Actual	**2007 Budget**	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Administration	341.9	286.0	**358.3**	16.4	4.8
Project Services & Landscape Design	826.5	674.8	**723.3**	(103.2)	(12.5)
Community and Leisure Services:					
Arts, Culture and Heritage	212.6	219.6	**207.7**	(4.9)	(2.3)
Facility and Program Delivery[1]	8,004.1	8,144.6	**8,463.9**	459.8	5.7
Skating Programs[1]	2,683.1	2,636.9	**2,789.8**	106.7	4.0
Outdoor Athletic Surfaces[1][4]	812.2	596.2	**797.0**	(15.2)	(1.9)
Community and Social Development[1]	2,192.4	2,068.1	**2,128.5**	(63.9)	(2.9)
Parks and Open Space Management:					
Open Space Management[1]	8,728.6	8,594.2	**9,022.6**	294.0	3.4
Streetscape	1,486.1	1,464.3	**1,503.0**	16.9	1.1
Pest Management	1,186.9	1,186.6	**1,189.5**	2.6	0.2
Golf Courses[1][2]	2,239.6	2,091.4	**2,431.3**	191.7	8.6
Cemeteries[1][3]	896.9	849.9	**908.2**	11.3	1.3
Bylaw Enforcement	1,280.4	1,204.2	**1,263.7**	(16.7)	(1.3)
Building Inspections	1,336.7	1,403.5	**1,374.3**	37.6	2.8
Urban Planning:					
Urban Planning	1,425.9	1,412.8	**1,420.4**	(5.5)	(0.4)
Housing	459.2	593.1	**545.8**	86.6	18.9
Total	34,113.1	33,426.2	**35,127.3**	1,014.2	3.0

Notes:

1. *The budget for the programs includes the budget managed through the Community Services Department along with facility costs. Facility costs are allocated from the Facilities and Energy Management Division of the Corporate Services Department.*
2. *The amounts for Golf Courses include the transfer to the Golf Course Reserve. There was a transfer of $443,100 in 2006 (Budget of $67,800) and a budget of $254,100 for 2007.*
3. *The amounts for Cemeteries include the transfer to the Cemetery Reserve. There was a transfer of $53,853 in 2006 and no budget for a transfer in 2007.*
4. *Regent Park Golf Course expenditures are part of Outdoor Athletic Surfaces as per Council decision April 2006.*

Staff Complement

Full Time Equivalents	2005	2006	2007
Permanent	191.5	194.5	194.5
Casual	164.0	167.3	166.8
Total	355.5	361.8	361.3

Analysis of Operating Budget Change

Operating Budget Change Details	($000's)
2006 Budget	34,113.1
1. Salaries and Benefits - Includes cost changes resulting from merit increases, classification reviews and employer benefit costs.	97.0
2. Estimated general salary increase for 2007.	787.6
3. Delete 2006 Specials.	(675.2)
4. Facility Costs - Increase in allocated costs for facility maintenance and operations.	178.2
5. Equipment Changes - Increase in costs for vehicles and equipment.	40.8
6. Increase in postage for Community and Leisure programs.	6.9
7. Community & Leisure Services - Increase in Armoured Car Service fees at major facilities and neighbourhood recreation centers.	2.4
8. Leisure Services - Increase in Program Instructor Fees. This increase will bring our instructor fees in line with the current market rate.	21.0
9. Recreation Facility Strategy to 2020 - This project will develop a comprehensive long term facility plan and policy framework aligned with the needs of the community. This will include a broad assessment of the current and future sport, arts, culture, fitness, aquatics and recreation needs of the community as they relate to the development and redevelopment of major and neighbourhood leisure facilities.	200.0
10. New Open Space - Increase required to maintain public park and open space that will be added to the City inventory in 2007 as a result of new sub-division development or upgraded parks.	27.2
11. Open Space Management, Irrigation - Increase funding to assign three additional casual Irrigation Worker I's with the skills and abilities to service and maintain the irrigation systems in the three Parks Districts.	40.0
12. Irrigation supplies - The per unit price of irrigation supplies; sprinklers, valves, pipe and miscellaneous fittings has increased by 25% to 40% in recent years.	21.4
13. Wascana Centre Authority Contribution - Under the Wascana Centre Authority Act, the City of Regina, the Province of Saskatchewan and the University of Regina share the funding of the Wascana centre Authority. Wascana Centre Authority has requested an increase in funding for the Maintenance of Lands.	62.0
14. 2007 Special - Mosquito Control cost sharing program. Provincial Government grant funding provides for an enhanced mosquito control program.	281.6
15. Bylaw Enforcement-Contracted Services - Atoskata. The Bylaw enforcement Division has the responsibility of contracting and overseeing the contractor in the removal of alley litter in the inner city area of Regina. The amount of alley litter has increased significantly in the past few years. The increased budget for this program will improve customer service levels for the Core Community as well as maintain the current level of service provided to North Central.	30.0
16. Urban Planning - Education and Professional development. Professional members of the division are now required to fulfill a continuous professional learning requirement for their respective associations.	5.0
17. Urban Planning, Housing - Regina Housing Authority. This represents the City of Regina's share of costs for specific housing projects administered by the Regina Housing Authority.	90.0

Operating Budget Change Details	($000's)
18. Housing - Affordability and Choice Today (ACT) program - Funding required to apply to this program which identifies and promotes existing case studies developed by ACT that are relevant to improved housing in Regina. Costs will be offset by funding from the Federation of Canadian Municipalities.	5.0
19. 2007 Special - Regina Solar Affordable Housing Project - Funding to complete the publication and promote the results of the project. Costs will be offset from CMHC funding.	10.0
20. 2007 Special - Core Sustainable Neighbourhood Feasibility Study - Funding is required to undertake a Neighbourhood Planning Process in the Core Area of Regina. Cost will be fully offset by funding from FCM and Communities of Tomorrow.	220.0
21. Arts, Culture and Heritage - Increase to fund purchase of Civic Art.	15.0
22. Increase in the transfer to Golf Course Reserve - The transfer is calculated based on revenues less expenditures, including an allocation for administration costs.	186.3
23. Specific Reallocations.	(395.3)
24. Re-Allocations.	(350.6)
25. Other cost changes.	107.9
2007 Budget	35,127.3

Transit Department

Overview

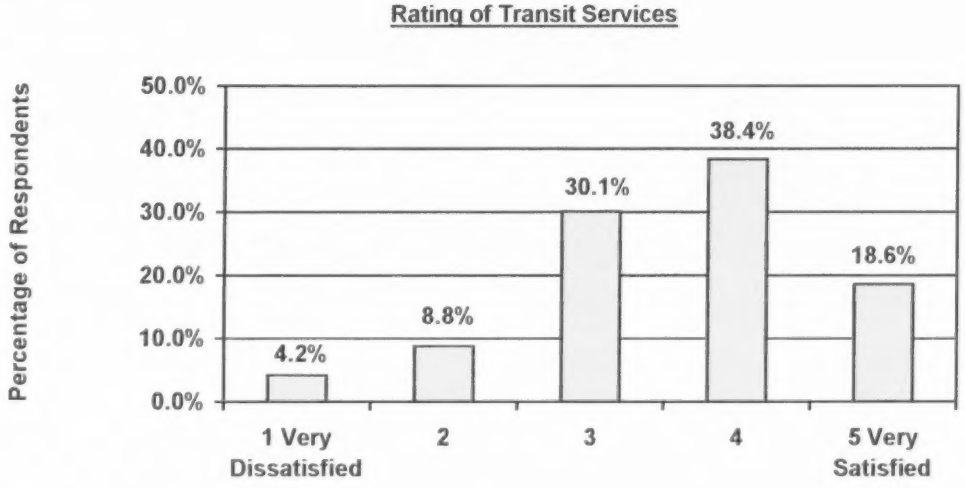
The Transit Department provides safe, reliable, affordable and accessible transportation in support of Council's vision for inclusiveness, accessibility, affordability and environmental sustainability. Services include:

- The Public Transit Service provides transportation for Regina residents and visitors. Service is provided through a regularly scheduled, fixed route transit system.
- The Paratransit Service provides transportation to persons with disabilities who are unable to use public transit. The service is a scheduled, shared ride, door-to-door service.

In the provision of the Public Transit and Paratransit Service, the Transit Department is committed to:

- Maintaining vehicles in a clean and safe operating condition.
- Ensuring positive operator/passenger relations.
- Developing Paratransit strategies for persons unable to use the Public Transit service.
- Enhancing personal and professional development of staff.
- Operating charter services.
- Developing and utilizing efficient administrative procedures.
- Ensuring adherence to approved budget and accounting practices.
- Working towards operating a public transit system that is fully accessible to people with mobility difficulties.
- Working towards City Council's goal to "reduce greenhouse gas emissions that result from municipal operations by 20% of 1990 levels by 2005 and a further reduction of 1% each year thereafter until 2012".

Providing sustainable public transportation services while minimizing the impact on the global environment is a key public transportation goal. On a regular basis, the City of Regina gathers information from citizens with respect to services provided. The following table indicates how those surveyed view transit services.



Operating Expenditure Summary ($000's)

Expenditures	2006 Budget	2006 Actual	2007 Budget	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Public Transit:					
Transit Operations	12,285.9	12,477.0	**13,106.0**	820.1	6.7
Maintenance of Vehicles	2,530.2	2,469.8	**2,654.5**	124.3	4.9
Transit Administration	1,086.9	1,058.4	**808.1**	(278.8)	(25.7)
Information Centre	183.1	187.0	**190.6**	7.5	4.1
Marketing and Research	132.4	102.6	**131.4**	(1.0)	(0.8)
Training	140.1	159.6	**147.8**	7.7	5.5
Transfer to Equipment Reserve	19.8	19.8	**19.8**	-	-
	16,378.4	16,474.2	**17,058.2**	679.8	4.2
Paratransit	2,995.7	2,938.9	**3,107.1**	111.4	3.7
	19,374.1	19,413.1	**20,165.3**	791.2	4.1
Facility Costs[1]	677.0	603.4	**686.6**	9.6	1.4
Total	20,051.1	20,016.5	**20,851.9**	800.8	4.0

Note:

1. *Facility costs are allocated from the Facilities and Energy Management Division of the Corporate Services Department.*

Staff Complement

Full Time Equivalents	2004	2005	2006	2007
Permanent	219.0	219.0	224.0	224.0
Casual	2.8	2.8	2.8	2.8
Total	221.8	221.8	226.8	226.8

Analysis of Operating Budget Change

Operating Budget Change Details	($000's)
2006 Budget	20,051.1
1. Salaries and Benefits - Includes cost changes resulting from salary increases, merit increases, classification reviews and employer benefit costs.	52.0
2. Estimated general salary adjustment for 2007.	453.5
3. Paratransit Contract - The contracts provide for rate increases to June 30, 2008. The delivery of the Paratransit Service is managed through two contracts. One contract provides for the operation and maintenance of City-owned lift-equipped buses. The rate will increase July 1, 2007 from $35.63 to $36.70 for each hour of service provided. The second contract provides for the supply, operation and maintenance of minivans to deliver Paratransit Services. The rate will increase July 1, 2007 from $32.36 to $33.33 for each hour of service provided.	67.7
4. Fuel - In 2006, the increase reflects a 4.8% increase in fuel costs in 2007. This increase reflects the cost adjustment required on the current annual fuel consumption, oil and lube.	167.0
5. Shelter cleaning, contracted services. In September 2005, 69 bus shelters were acquired from Viacom Outdoor Canada Inc. These shelters are cleaned and maintained by an outside contractor.	52.0
6. Service to Food Bank was approved by Council in 2006. The service is provided Monday to Friday.	52.0
7. Facility Costs - Decrease in costs allocated for facility maintenance and operations.	9.2
8. Specific Reallocations.	(43.0)
9. PST Reduction.	(71.8)
10. Other cost changes.	62.2
2007 Budget	20,851.9

Engineering and Works Department

Overview

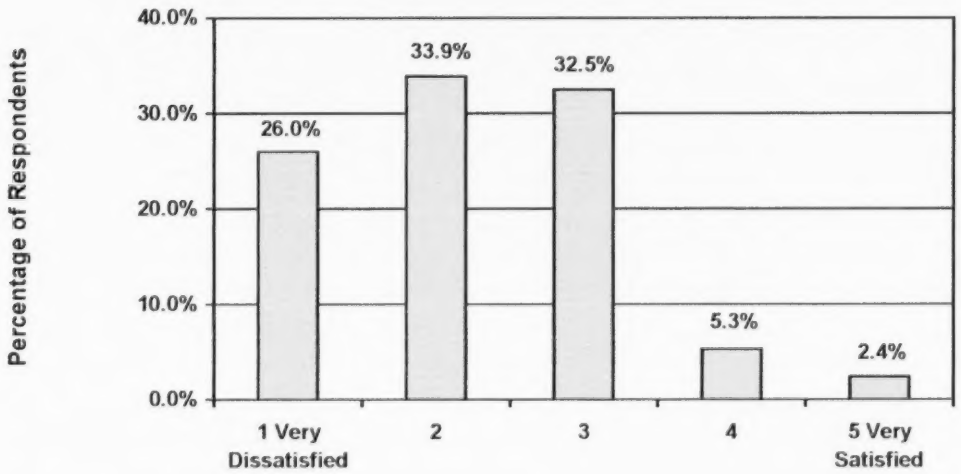
The Engineering and Works Department is responsible for the planning, design, construction, operation and maintenance of the following services:

- Streets, alleys, bridges and sidewalks including the management of traffic to ensure the effective use of the transportation system.
- Supply and distribution of water.
- Collection and disposal of wastewater.
- Routing and control of surface drainage.
- Waste collection and disposal.

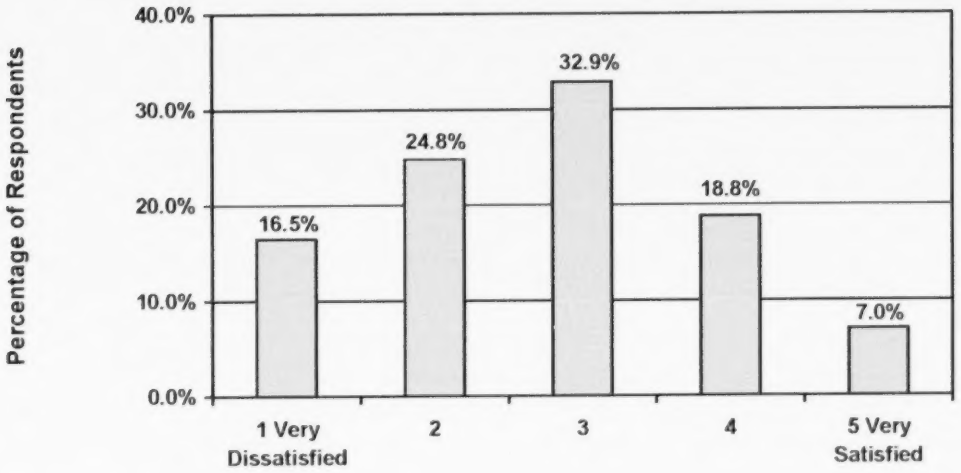
The water, wastewater and drainage services are delivered through the Water and Sewer Utility Budget and are not included in the General Operating Budget.

On a regular basis, the City of Regina gathers information from citizens with respect to services provided. The following tables indicate how those surveyed view services provided by the Engineering and Works Department.

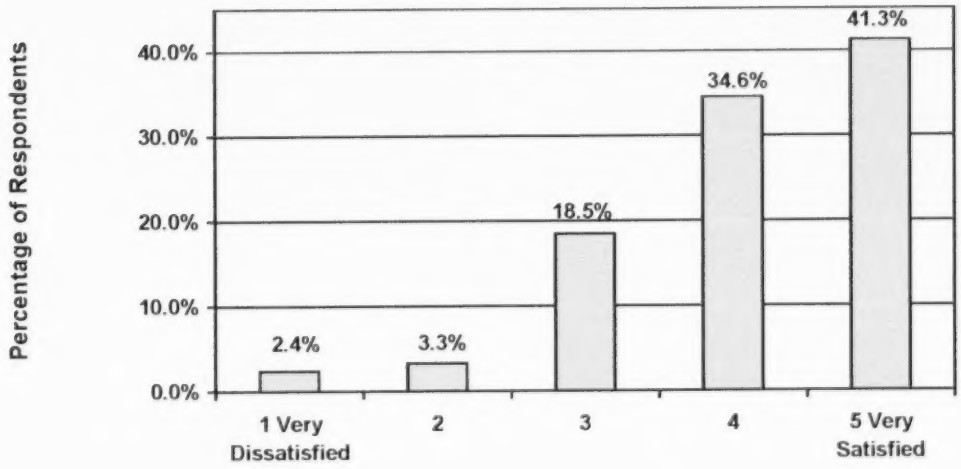
Rating of Street and Roads



Rating of Snow Ploughing Services



Rating of Garbage Removal Services



Operating Expenditure Summary ($000's)

Expenditures	2006 Budget	2006 Actual	**2007 Budget**	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Administration	1,531.1	1,672.3	**1,583.8**	52.7	3.4
Development & Technical Services	1,059.5	1,079.4	**1,152.0**	92.5	8.7
Roadways and Traffic:					
Roadways Engineering	944.7	757.3	**849.6**	(95.1)	(10.1)
Roadways Administration	2,060.6	2,223.0	**2,096.5**	35.9	1.7
Roadways Operations	3,400.6	3,372.2	**3,537.7**	137.1	4.0
Street Sweeping	819.1	914.5	**875.1**	56.0	6.8
Winter Road Maintenance	3,000.0	3,000.0	**4,598.2**	1,598.2	53.3
Maintenance of Alleys	2,761.8	2,350.7	**2,716.0**	(45.8)	(1.7)
Traffic Engineering	732.7	781.5	**981.0**	248.3	33.9
Traffic Operations	2,140.1	2,179.4	**2,220.4**	80.3	3.8
Street Lighting	2,804.0	2,894.8	**2,997.1**	193.1	6.9
Waste Management:					
Environmental Engineering	435.9	378.3	**408.7**	(27.2)	(6.2)
Solid Waste Administration	837.1	868.8	**1,101.4**	264.3	31.6
Residential Collection	2,608.2	2,603.2	**2,621.8**	13.6	0.5
Commercial Collection	308.3	262.0	**297.6**	(10.7)	(3.5)
Landfill Operations	1,556.6	1,574.2	**1,441.7**	(114.9)	(7.4)
Waste Minimization	550.8	588.7	**570.3**	19.5	3.5
Transfer to Landfill Reserve	3,256.6	3,369.3	**3,164.3**	(92.3)	(2.8)
	30,807.7	30,869.6	**33,213.2**	2,405.5	7.8
Facility Costs[1]					
Administration, Roadways & Traffic	296.2	267.7	**289.6**	(6.6)	(2.2)
Waste Management	164.9	149.3	**157.2**	(7.7)	(4.7)
	461.1	417.0	**446.8**	(14.3)	(3.1)
Total	31,268.8	31,286.6	**33,660.0**	2,391.2	7.6

Note:

1. *Facility costs are allocated from the Facilities and Energy Management Division of the Corporate Services Department.*

Staff Complement

Full Time Equivalents	2005	2006	2007
Permanent	183.5	182.8	198.4
Casual	55.7	58.6	59.2
Total	239.2	241.4	257.6

Analysis of Operating Budget Change

Operating Budget Change Details	($000's)
2006 Budget	31,268.8
1. Salaries and Benefits - Includes cost changes resulting from salary increases, merit increases, classification reviews and employer benefit costs.	201.1
2. 4% Salary adjustments as per collective bargaining agreements.	527.3
3. Delete 2006 Specials - Includes one time funding provided in 2006 for alley maintenance (200.0), the Southeast and Southwest Sector Plan Transportation Impact Studies (115.0) and the Transportation model Update (50.0).	(365.0)
4. Fleet Costs - Increase in equipment expenses due to the increased costs of fuel, fleet garage expenses and depreciation charges as vehicles and equipment are replaced.	135.8
5. Increased Cost of Asphalt - High costs for crude oil have increased asphalt cement costs.	203.4
6. Increased Radio Maintenance Costs - Increased costs for radio maintenance and service fees as identified in the budget prepared by the Radio Shop of the Regina Police Service.	26.1
7. Accidents and Claims - Increased funding to repair bridges and subways damaged by errant vehicles or overheight vehicles.	64.0
8. 2007 Special - Waste Minimization Study.	200.0
9. Landfill Reserve Transfer - The transfer equals the net revenue for the landfill operation plus an amount for residential waste equal to the cost of the landfill rates applied.	(116.7)
10. Electricity - Increased costs for street lighting and traffic signals.	303.8
11. Increased Cost of Gravel/Sand.	25.5
12. Bridge Maintenance Program - Funding to do an updated inspection of the City's bridge infrastructure and to update the 10 year investment plan.	80.0
13. Training and Development - Investment in training and development for front line supervisory staff to address high employee turnover in senior supervisory staff in Roads and Traffic.	25.0
14. Asset Management Implementation - A Roadways Asset Management program will provide a process whereby various rehabiliatation and maintenance strategies can be developed and compared. A benefit of this process is a strategic plan can then be adopted based on desired benefits, services levels and cost implications. This will result in a process that defines target service levels, tracks accomplishments, provides consistency in programming and communication both internally and externally. In the longer term, it will result in lower costs and increased service levels and improved customer service than the current process.	100.4
15. Infrastructure Planning - This will provide technical expertise and support various programs administered by the Development Technical Services Division related to protection and monitoring of infrastructure assets and infrastructure construction (increase 0.6 permanent FTE's).	19.4
16. Policy and Procedure Analyst - Funding for one new Policy and Procedure Analyst. This position is required for the successful implementation and administration of the revised Development Charge Policy underway in 2007. The position would subsequently provide capacity to administer policy and revenue generation opportunities related to municipal infrastructure and Rights-of-Way. 40% of this position is to be funded through the Utility Operating Budget (increase 0.6 permanent FTE's).	21.8

Operating Budget Change Details	($000's)
17. Staff Development and Training - Funding to provide technical training for landfill Operation staff, Geomatics and Drafting staff.	19.1
18. Enhanced Winter Road Maintenance - Represents the increase necessary to implement the Winter Maintenance Policy as approved by City Council in 2006.	1,576.8
19. Specific Reallocations.	(321.1)
20. 1% Reallocations.	(337.8)
21. PST Reduction.	(81.5)
22. Other cost changes.	83.8
2007 Budget	33,660.0

Costing Fund Budget Summary

Overview

The Costing Fund was established to account for operations that are not part of either the General Fund or the Water and Sewer Utility Fund. The Costing Fund includes:

- Real Estate, which carries out all real estate-related services for the City. This includes buying and leasing properties when required for City operations, selling or leasing City-owned properties, performing land development functions, selling properties taken through tax enforcement, and providing real estate services, information and advice to all city departments.

- Facilities and Energy Management, which includes the day-to-day operation and maintenance of City-owned facilities along with Central Stores and the Fuel/Lube Centre, including the Natural Gas Vehicle Program.

- Fleet Services, which includes fleet management, maintenance and operator training services for the City's fleet excluding that of Transit, Police and Fire.

- The Print Services and Computer Leasing operations in Information Systems. Print Services is an in-house print shop, with the objective of providing quality output in a timely and cost effective manner. This includes responsibility for output devices (copiers, multi-functional and networked printers) and desktop computers.

- Roadways Operations – this operation provides for the maintenance and repair of roadway and sidewalk cuts made for the City water and sewer operations. The costs of the repairs are charged to the Water and Sewer Utility Budget.

- Granular Materials Supply and Asphalt Plant Operations – the purpose of Granular Materials Supply Section is to purchase, inventory and process granular materials, soils and other landscape products and recycled materials such as steel slag, crushed concrete and crushed asphalt. The Asphalt Plant produces a variety of asphalt mixes for paving, cut repair and patching.

- Open Space Landscape – this operation provides landscape services, with the costs charged to operating or capital budgets within Community Services and other Departments, or in some instances to external organizations.

Pursuant to the policy of City Council, the net revenue generated by Real Estate is transferred to the General Fund Reserve. The net revenue can vary substantially due to the volume of land sales.

For other operations in the Costing Fund, the purpose of the costing fund is to function as a cost distribution mechanism. All of the costs are allocated to other operating and/or capital budgets.

Costing Fund Expenditure Summary ($000's)

Expenditures	2006 Budget	2006 Actual	**2007 Budget**	Change 2006 to 2007 Dollar Change	Change 2006 to 2007 Per Cent Change
Corporate Services:					
Facilities & Energy Management	5,474.5	5,346.1	**8,270.6**	2,796.1	51.1
Fleet Services	12,985.7	12,599.1	**13,387.9**	402.2	3.1
Information Systems	1,549.8	1,548.8	**1,437.0**	(112.8)	(7.3)
Real Estate	663.0	483.8	**607.2**	(55.8)	(8.4)
	20,673.0	19,977.8	**23,702.7**	3,029.7	14.7
Engineering and Works:					
Granular Material & Asphalt Plant	3,718.0	4,544.6	**4,373.3**	655.3	17.6
Roadway Operations	1,251.7	1,274.6	**1,253.9**	2.2	0.2
	4,969.7	5,819.2	**5,627.2**	657.5	13.2
Community Services:					
Open Space - Landscape	1,319.1	1,215.3	**1,318.9**	(0.2)	(0.0)
	26,961.8	27,012.3	**30,648.8**	3,687.0	13.7